

for the period ended
December 31st, 2017 (Un-Audited)

First Paramount Modaraba

(An Islamic Financial Institution)

Managed by: Paramount Investments Limited



AN ISLAMIC FINANCIAL INSTITUTION
**FIRST PARAMOUNT
MODARABA**
AMANAT • SHIRAKAT • BARKAT

**Half Yearly
Report** | 2017

For Long Term 'BBB'
For Short Term A-3
Out Look - Stable
By:
JCR VIS Credit Rating Company



First Paramount Modaraba

(An Islamic Financial Institution)

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Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Sharia with Its true spirit.
2. To employ the Modaraba funds in best possible way and to promote the human talents, to maximize the profit for certificate holders.
3. It is our mission to constantly endeavour for excellence in all spheres of business activity, maintain its eminent market position, promote lasting relationship with our customers and other stakeholders, and construct a durable and vibrant Pakistan.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete code of ethics is a prerequisite for all Directors and employees of Frist Paramount Modaraba. We endeavour to the philosophy behind the code of ethics to carry out honestly activities assigned to them. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.

Corporate Information

MODARABA COMPANY **MANAGED BY: PARAMOUNT INVESTMENTS LIMITED**

BOARD OF DIRECTORS

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Syed Wajih Hassan	Chief Executive Officer
Mr. Nadeem Iqbal	Director
Mr. Pir Muhammad Kalia	Director
Mr. Abdul Razzak Jangda	Director
Mr. Humayun Mazhar Qureshi	Independent Director
Mr. Khalid Rehman	Independent Director

AUDIT COMMITTEE

Mr. Humayun Mazhar Qureshi	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member

HUMAN RESOURCE COMMITTEE

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Abdullah Khan

SHARIAH ADVISOR

Mufti Muhammad Farhan Farooq

SHARIAH CONSULTANT

Mufti Muhammad Najeeb Khan

CREDIT RATING

Long term **BBB**

Short Term **A-3**

Out Look **Stable**

By **JCR Credit Rating Company**

AUDITORS OF THE MODARABA

M/s Deloitte Yousuf Adil
Chartered Accountants

AUDITORS OF THE MODARABA COMPANY

M/s Rahim Jan & Co.
Chartered Accountants

LEGAL ADVISOR

M/s Raja Qasit Nawaz, Advocates

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Limited, the management Company of First Paramount Modaraba, are pleased to present the unaudited financial statements (reviewed by External Auditors) for the half year ended on 31st December, 2017, along with Shari'ah Advisor's report and External Auditors' Review Report, thereon.

Modaraba has posted a profit of PKR 4,873,912/= (EPS=0.35) for the half year ended December 31st, 2017, which is PKR 1,283,278/= i.e. (20%), less than the profits earned by the Modaraba for the same financial period last year (PKR 6,157,190/=). Main reason of the deficit are (a) Provision made for 'Provincial WWF' by the Management to account for past two and a half years' liability. And (b) Provision of Rs 1 million against general trade debts.

Modaraba has made the provision for Provincial WWF levy in spite of the fact that it is joining the petition filed by other Modarabas for identification of anomalies in the law that makes this law inapplicable (in view of Management) for Modarabas.

During the period, Morabaha Finance and FPM Petro services – an in-house venture of Modaraba, have contributed significantly in the gross profits of the Modaraba. While FPM Solutions – another in-house venture of Modaraba, is likely to contribute in the profits of Modaraba, in the latter half of the financial year.

Management of the Modaraba is continuously working on enhancing overall assets base of the Modaraba by employing funds through;

- a) The issue of "Certificate of Musharika" - COM, and
- b) Prospective 3rd Right Share Issue of Modaraba Certificate, InshAllah

Acknowledgement:

Management of the Modaraba and the Board of Director recognize the continual patronage and cooperation of the regulators especially of the offices of Registrar Modaraba, Security Exchange Commission of Pakistan.

Management also appreciates hard-work and dedication of the staff members of Modaraba.

For and on behalf of Board of Directors of
Paramount Investments Limited (PIL)
Managers of First Paramount Modaraba

Karachi.
Date: February 23, 2018

S/d
Syed Wajih Hassan
(Chief Executive Officer)

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of First Paramount Modaraba (the Modaraba) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof (herein-after referred to as the condensed interim financial information) for the half year then ended. The Management Company of the Modaraba (Paramount Investments Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Nadeem Yousuf Adil

Dated: 23rd February, 2018
Karachi

Shariah Advisor's Report

I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the half year ended December 31st 2017, in accordance with the requirements as reported hereunder, in my opinion:

1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. Following were the major developments that took place during the year:
 - (A) Research and new product development (Brief on the research and new product development, if applicable)
3. The agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
4. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modaraba's.
5. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.

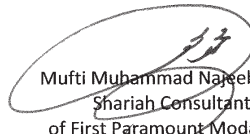
Observation(s) Nil

Recommendation (s) Nil

Dated: February 20, 2018



Mufti Muhammad Farhan Farooq
Shariah Advisor
of First Paramount Modaraba
Managed By Paramount Investments Limited



Mufti Muhammad Najeem Khan
Shariah Consultant
of First Paramount Modaraba
Managed By Paramount Investments Limited

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017**

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	23,895,694	24,617,224
Murabaha financing	6	34,195,662	61,711,672
Diminishing musharaka financing	7	11,186,991	14,123,935
Musharaka financing	8	32,000,000	16,550,000
Loans to employees		657,000	354,000
Long-term deposits		470,919	461,969
		<u>102,406,266</u>	<u>117,818,800</u>
CURRENT ASSETS			
Stores and spares		4,064,965	2,419,927
Trade debtors		110,258,875	64,681,950
Advances, deposits, prepayments and other receivables		21,196,137	29,367,016
Modaraba financing		16,507,000	25,237,915
Short-term murabaha financing	9	18,108,566	10,106,145
Current portion of murabaha financing	6	99,459,772	116,965,006
Current portion of diminishing musharaka financing	7	4,857,837	7,081,226
Current portion of musharaka financing	8	12,004,470	15,504,470
Current portion of loans to employees		356,000	227,000
Receivable against sale of weaving unit		2,965,000	5,230,000
Advances against murabaha		29,200,064	700,000
Accrued profit		4,041,768	4,849,203
Advance income tax		14,305,817	11,606,317
Cash and bank balances	10	18,696,376	54,065,723
		<u>356,022,667</u>	<u>348,040,978</u>
		<u>458,428,933</u>	<u>465,859,778</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised certificate capital 25,000,000 (2017: 25,000,000) certificates of Rs.10 each		250,000,000	250,000,000
Issued, subscribed and paid-up certificate capital		137,884,193	137,884,193
Capital reserves		45,214,119	44,168,925
Unappropriated profit		24,051,569	30,553,826
		<u>207,149,881</u>	<u>212,606,944</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		12,992,566	15,839,670
Certificates of musharaka	11	132,231,506	170,701,506
		<u>145,224,072</u>	<u>186,541,176</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		27,809,246	17,443,915
Current portion of deferred income		13,871,084	18,854,228
Current portion of certificates of musharaka	11	48,625,000	16,715,000
Payable to Management Company		535,397	-
Unclaimed profit distributions		15,214,253	13,698,515
		<u>106,054,980</u>	<u>66,711,658</u>
		<u>458,428,933</u>	<u>465,859,778</u>
CONTINGENCIES AND COMMITMENTS			
	12	-	-

The annexed notes form an integral part of these condensed interim financial information.

For Paramount Investment Limited
(Management Company)

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	Note	Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Rupees)			
Operating income	13	128,345,283	91,965,999	62,615,370	51,179,705
Operating costs					
Operating expenses		(116,414,086)	(80,717,755)	(57,639,610)	(48,259,121)
Reversal / (provision) against doubtful recoveries	14	20,963 (116,393,123)	(1,651) (80,719,406)	77,054 (57,562,556)	(18,446) (48,277,567)
		11,952,160	11,246,593	5,052,814	2,902,138
Loss on disposal of weaving segment - discontinued operation		-	(1,348,081)	-	(1,348,081)
Gain / (loss) on sale of fixed assets		59,749	(1,125,504)	59,749	(733,978)
Other income	15	580,479 12,592,388	7,272,476 16,045,484	405,241 5,517,804	7,065,506 7,885,585
Financial charges		(6,569,070)	(8,946,222)	(3,042,604)	(4,599,467)
		6,023,318	7,099,262	2,475,200	3,286,118
Modaraba Company's management fee inclusive of sales tax		(680,635)	(800,087)	(272,601)	(370,346)
		5,342,683	6,299,175	2,202,599	2,915,772
Provision for Sindh Workers' Welfare Fund	12.1.3	(468,771)	(141,985)	(468,771)	(65,722)
Profit before taxation		4,873,912	6,157,190	1,733,828	2,850,050
Taxation	16	-	-	-	-
Net profit after taxation		4,873,912	6,157,190	1,733,828	2,850,050
Earnings per certificate - basic and diluted		0.35	0.45	0.13	0.21

The annexed notes form an integral part of these condensed interim financial information.

For Paramount Investment Limited
(Management Company)

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees) -----			
Net profit after taxation	4,873,912	6,157,190	1,733,828	2,850,050
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,873,912	6,157,190	1,733,828	2,850,050

The annexed notes form an integral part of these condensed interim financial information.

For Paramount Investment Limited
(Management Company)

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Issued, subscribed and paid up certificate capital	Reserves			Total Reserve	Total equity
		Capital reserve		Revenue reserves		
		Merger reserve	Statutory reserve	Unappropriated profit		
(Rupees)						
Balance as at July 01, 2016	137,884,193	1,935,160	40,797,721	35,150,966	77,883,847	215,768,040
Profit distribution for the year ended June 30, 2016 @ Re.0.75 per certificate	-	-	-	(10,341,314)	(10,341,314)	(10,341,314)
Total comprehensive income for the half year ended December 31, 2016						
Net profit after taxation	-	-	-	6,157,190	6,157,190	6,157,190
Other comprehensive income	-	-	-	-	-	-
	-	-	-	6,157,190	6,157,190	6,157,190
Balance as at December 31, 2016	137,884,193	1,935,160	40,797,721	30,966,842	73,699,723	211,583,916
Total comprehensive income for the half year ended June 30, 2017						
Net profit after taxation	-	-	-	1,023,028	1,023,028	1,023,028
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,023,028	1,023,028	1,023,028
Transferred to statutory reserve @ 20%	-	-	1,436,044	(1,436,044)	-	-
Balance as at June 30, 2017	137,884,193	1,935,160	42,233,765	30,553,826	74,722,751	212,606,944
Profit distribution for the year ended June 30, 2017 @ Re.0.70 per certificate	-	-	-	(9,651,894)	(9,651,894)	(9,651,894)
Transferred to statutory reserve @ 20% Management Fee (note 15.1)	-	-	1,045,194	(1,045,194)	-	-
	-	-	-	(679,081)	(679,081)	(679,081)
Total comprehensive income for the half year ended December 31, 2017						
Net profit after taxation	-	-	-	4,873,912	4,873,912	4,873,912
Other comprehensive income	-	-	-	-	-	-
	-	-	-	4,873,912	4,873,912	4,873,912
Balance at December 31, 2017	137,884,193	1,935,160	43,278,959	24,051,569	69,265,688	207,149,881

For Paramount Investment Limited
(Management Company)

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	December 31, 2017	December 31, 2016
	(Rupees)	
Profit before taxation	4,873,912	6,157,190
Adjustments for:		
Depreciation	667,268	770,236
Amortisation	135,715	193,878
Prior period Advance Tax claim	-	(5,905,050)
Provision for Workers' Welfare Fund	468,771	141,985
(Reversal) / provision against doubtful recoveries	(20,963)	1,651
(Gain) / Loss on sale of fixed assets	(59,749)	1,125,504
Loss on disposal of weaving segment - discontinued operation	-	1,348,081
Operating profit before working capital changes	<u>6,064,954</u>	<u>3,833,475</u>
(Increase) / decrease in assets		
Morabaha financing - net	31,580,264	8,219,302
Diminishing Musharaka financing - net	3,789,607	(1,473,135)
Musharaka financing - net	(11,950,000)	(949,230)
Modaraba financing - net	8,730,915	11,264,000
Stores and spares	(1,645,038)	876,290
Long-term deposits	(8,950)	-
Trade debts	(46,576,925)	(538,948)
Loans to employees	(432,000)	(318,658)
Advances against murabaha	(28,500,004)	(5,540,000)
Advances, deposit, prepayments and other receivables	8,170,879	(6,713,357)
Accrued profit	806,435	492,310
Receivable against sale of weaving unit	2,265,000	-
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	9,896,560	7,755,039
Payable to Modaraba Management Company	(143,684)	(128,190)
Net cash (used in) / generated from operations	<u>(17,951,987)</u>	<u>16,778,898</u>
Taxes paid	<u>(2,699,500)</u>	<u>(3,525,962)</u>
Net cash (used in) / generated from operating activities	<u>(20,651,487)</u>	<u>13,252,936</u>
B. Cash flows from investing activities		
Proceeds from sale of fixed assets	161,479	7,662,754
Addition to fixed assets	<u>(183,183)</u>	<u>(2,227,664)</u>
Net cash (used in) / generated from investing activities	<u>(21,704)</u>	<u>5,435,090</u>
C. Cash flows from financing activities		
Certificate of Musharaka - net	(6,560,000)	(33,785,000)
Profit paid	<u>(8,136,156)</u>	<u>(8,123,506)</u>
Net cash used in financing activities	<u>(14,696,156)</u>	<u>(41,908,506)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(35,369,347)</u>	<u>(23,220,480)</u>
Cash and cash equivalents at beginning of the period	<u>54,065,723</u>	<u>45,581,132</u>
Cash and cash equivalents at end of the period	<u><u>18,696,376</u></u>	<u><u>22,360,652</u></u>

The annexed notes 1 to 22 form an integral part of these interim financial information.

For Paramount Investment Limited
(Management Company)

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Paramount Modaraba (the Modaraba) is a multi purpose, perpetual and multidimensional Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed there under and is managed by Paramount Investments Limited (the Management Company), a company incorporated in Pakistan. The Modaraba is listed on the Pakistan Stock Exchange Limited . The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities include deployment of funds on murabaha, modaraba and musharaka arrangements and its in-house ventures are (A) Generator rental and sale project under the name "AL-BURQ Associates", (B) Electrical maintenance and troubleshooting services' under the name of "FPM Solutions" , (C) Chemical business under the name of "FPM Petro Services" and (D) Consultancy business under the name " FPM Consultancy"

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (now Companies Act, 2017) , Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984 (now Companies Act, 2017) , Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP shall prevail.
- 2.2 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of Clause 5.19.13(b) of the Rule Book of Pakistan Stock Exchange Limited and hence this condensed interim financial information is being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981.
- 2.3 This condensed interim financial information has been prepared under the historical cost convention.
- 2.4 This condensed interim financial information is prepared in Pakistan Rupees which is the Modaraba's functional and presentation currency and figures presented in this condensed interim financial information have been rounded off to the nearest rupee.
- 2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statements and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2016.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgements and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual financial statements for the year ended June 30, 2017.

Certain amendments to existing IFRSs are effective for period beginning on or after July 01, 2017, which do not have any impact on this condensed interim financial information and are therefore not enumerated here, except additional disclosure relating to changes arising from financing activities as disclosed in note 18.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Company except for IFRS 9: Financial Instruments, which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities and IFRS 15: Revenue from Contract with Customers , which will replace IAS 18: Revenue. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 and IFRS 15 would be applicable for periods beginning on or after July 01, 2018. Management is in a process of determining impact of the said standards on the future financial statements.

4. FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the published annual financial statements for the year ended June 30, 2017.

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- (Rupees) -----	
5. FIXED ASSETS			
Tangible	5.1	22,626,643	23,212,456
Intangible		769,051	904,768
Capital work-in-progress		500,000	500,000
		<u>23,895,694</u>	<u>24,617,224</u>

5.1 Following additions and disposals, were made during the period / year :

	Additions at cost		Disposals (written down value)	
	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- Rupees -----			
Generators	-	-	-	(9,611,593)
Computers	25,000	112,949	-	-
Office and other equipment	92,183	1,877,859	-	(8,357)
Furniture and fixtures	66,000	18,134	-	-
Vehicles	-	-	(101,730)	(624,628)
	<u>183,183</u>	<u>2,008,942</u>	<u>(101,730)</u>	<u>(10,244,578)</u>

	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	----- (Rupees) -----	
6. MURABAHA FINANCING		
Considered good	133,655,434	178,676,678
Considered doubtful	2,742,127	2,763,090
	<u>136,397,561</u>	<u>181,439,768</u>
Provision for doubtful recoveries	<u>(2,742,127)</u>	<u>(2,763,090)</u>
	133,655,434	178,676,678
Current portion of murabaha financing	<u>(99,459,772)</u>	<u>(116,965,006)</u>
	<u>34,195,662</u>	<u>61,711,672</u>
7. DIMINISHING MUSHARAKA FINANCING		
Considered good - secured	16,044,828	21,205,161
	<u>(4,857,837)</u>	<u>(7,081,226)</u>
Current portion of diminishing musharaka financing	<u>11,186,991</u>	<u>14,123,935</u>

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- (Rupees) -----	----- (Rupees) -----
8. MUSHARAKA FINANCING - secured			
Musharaka agreements for			
- garments	8.1	12,004,470	15,504,470
- food product	8.2	12,000,000	12,000,000
- book print	8.3	20,000,000	4,550,000
		<u>44,004,470</u>	<u>32,054,470</u>
Less: Current portion of musharaka financing		<u>(12,004,470)</u>	<u>(15,504,470)</u>
		<u><u>32,000,000</u></u>	<u><u>16,550,000</u></u>
8.1	This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 40:60 respectively.(June 30, 2017: 40:60)		
8.2	This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 65:35 respectively. (June 30, 2017: 30:70)		
8.3	This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 67:33 respectively. (June 30, 2017: 57:43)		
9. SHORT-TERM MURABAHA FINANCING		(Unaudited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rupees) -----	----- (Rupees) -----
Considered good		18,108,566	10,106,145
Considered doubtful		-	1,000,000
		<u>18,108,566</u>	<u>11,106,145</u>
Provision for doubtful recoveries		-	(1,000,000)
		<u><u>18,108,566</u></u>	<u><u>10,106,145</u></u>
10. CASH AND BANK BALANCES			
Cash in hand		47,044	32,307
Cash at banks			
- Current accounts	10.1	8,121,874	24,247,595
- Deposit accounts	10.2	10,527,458	29,785,821
		<u>18,696,376</u>	<u>54,065,723</u>
10.1	This includes Rs.4,678,058 (June 30, 2017: Rs.9,891,235) in respect of Redemption Reserve Fund established on account of Certificate of Musharaka. (refer note 12)		
10.2	Effective profit rate in respect of deposit accounts is 1.84% to 2.6% (June 30, 2017: 2.4% to 3.2%) per annum.		

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	----- (Rupees) -----	
11. CERTIFICATES OF MUSHARAKA		
Certificates of musharaka	180,856,506	187,416,506
Less: Current portion certificate of musharaka	<u>(48,625,000)</u>	<u>(16,715,000)</u>
	<u>132,231,506</u>	<u>170,701,506</u>

A Redemption Reserve Fund is established on account of Certificate of Musharaka. These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 6.0% to 8.0% (June 30, 2017: 6.0% to 8.0%) per annum. (refer note 11.1)

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 12.1.1** The Government of Sindh levied sales tax at the rate of 13% (June 30, 2017: 15%) on the remuneration of Management Company through Sindh sales tax on Services Act, 2011 against which the Management Company filed an appeal before the Appellate Tribunal Sindh Revenue Board, (SRB). Subsequently, the Sindh High Court (SHC) restrained the SRB from taking any action to collect any alleged amount of sales tax in this regard till the final decision of the SHC. The matter is currently pending adjudication, however, the Modaraba is accruing sales tax on management fee on prudent basis.
- 12.1.2** Commissioner Inland Revenue (Appeal III), Karachi, Federal Board of Revenue (FBR) has passed the Appellate Order No. 26/2017, U/S 129 of the Income Tax Ordinance, 2001, dated January 26, 2017 against an appeal filed by Modaraba on October 31, 2016 against the order dated September 30, 2016 passed u/s 161/205 of the Income Tax Ordinance, 2001 by Deputy Commissioner Unit-04, Zone-I, CRTO, Karachi to pay tax payable amounting to Rs.1,205,511/-. In his order the Commissioner instructed the officer to remand back the case and directed to provide an opportunity to the Modaraba of being heard and consider the submission of appellant in the light of documentary evidences produced. The matter is pending adjudication.
- 12.1.3** In Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the WWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's account year ended on June 30, 2014. As per definitions Section 2(g) of the WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. The NBFI & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. While the levy is being contested by certain other Modarabas, the Modaraba being prudent has made a provision of Rs.468,771 for the years 2014 to 2017. During the period modaraba has made a provision of Rs.468,771

	December 31, 2017	June 30, 2017
	----- (Rupees) -----	
12.2 Commitments for capital expenditure in respect of		
Intangible assets - computer software	<u>150,000</u>	<u>150,000</u>

	----- (Unaudited) -----			
	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees) -----			
13. OPERATING INCOME				
Note				
Profit on:				
- murabaha financing	13,083,968	13,664,762	6,007,419	6,759,096
- diminishing musharaka financing	1,120,150	701,835	556,548	254,676
- musharaka financing	1,629,291	144,622	380,220	(576,005)
- modaraba financing	692,820	689,200	44,000	689,200
Income from				
- dry batteries modaraba	385,282	1,381,060	318,282	952,650
- FPM Solution	13.1 2,453,849	9,089,100	1,425,620	5,734,291
- FPM Petro	13.2 107,245,500	65,596,285	53,109,050	37,240,781
Rental income	13.3 1,734,423	699,135	774,231	125,016
	<u>128,345,283</u>	<u>91,965,999</u>	<u>62,615,370</u>	<u>51,179,705</u>

- 13.1 This represents income generated from Project Power solution business of FPM Solutions representing Modaraba's share of 100%. This also includes income from Service Level Agreements (SLA) entered into by FPM Solutions with various clients to provide services in respect of stand by generators, UPS and other power back up solutions.
- 13.2 This represents income generated from chemical business of FPM Petro Services.
- 13.3 This represents income generated from rental business of AL-BURQ Associates representing Modaraba's share of 52.09%.

14. **PROVISION / (REVERSAL) FOR DOUBTFUL RECOVERIES - NET**

	December 31, 2017 (Un-audited)			
	Murabaha Financing	Trade Debtors	Short term Murabaha Financing	Total
	- Rupees -			
Opening balance	2,763,089	1,500,000	1,000,000	5,263,089
Charged for the year	106,093	1,000,000	-	1,106,093
Reversal for the year	(127,056)	-	(1,000,000)	(1,127,056)
	(20,963)	1,000,000	(1,000,000)	(20,963)
Closing balance	2,742,126	2,500,000	-	5,242,126

	June 30, 2017 (Audited)			
	Murabaha Financing	Trade Debtors	Short term Murabaha Financing	Total
	- Rupees -			
Opening balance	2,565,731	-	-	2,565,731.00
Charged for the year	293,842	1,500,000	1,000,000	2,793,842
Reversal for the year	(96,484)	-	-	(96,484)
	197,358	1,500,000	1,000,000	2,697,358
Closing balance	2,763,089	1,500,000	1,000,000	5,263,089

	(Unaudited)			
	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	- (Rupees) -			
15. OTHER INCOME - NET				
Prior period advance tax claimed	15.1	-	5,905,050	-
Profit on bank deposits		290,097	589,826	124,859
Miscellaneous income		290,382	777,600	280,382
		580,479	7,272,476	405,241
				7,065,506

- 15.1 This advance tax amount was pertaining to years 2009 and 2010, therefore it was rectified and recorded as prior period adjustment to opening retained earnings in the financial statements for the year ended June 30, 2017. During current period management fee amounting to Rs.679,081 has been recognised on this amount directly in retained earnings

16. **TAXATION**

Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax of any income, not being income of trading activity derived by a Modaraba, if not less than ninety percent of its total profits in a year, as reduced by the amount transferred to mandatory reserve under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980 is distributed to the certificate holders. As the management intends to distribute at least 90 percent of the profits amongst the certificate holders in the current and future years, therefore provision for current taxation and deferred tax has not been made in this condensed interim financial information.

Further, as the Modaraba has net taxable loss relating to trading activities due to which no tax has been charged during the period in this condensed interim financial information.

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Modaraba comprise of the Management Company, musharaka arrangements, directors, key management personnel and retirement benefit funds. The transactions between the Modaraba and the related parties are carried out as per agreed terms. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment and those which have been disclosed elsewhere are as follows:

	----- (Unaudited) -----	
	Half year ended	
	December 31, 2017	December 31, 2016
Transactions with related parties		
Modaraba's Management Company		
Management fee including sale tax on fee	680,635	800,087
Payments made during the year	262,200	1,208,018
Bonus Nil (2017: @ 15%)	-	-
Profit distribution	1,376,038	1,474,326
Musharaka Investors - Generator Project		
Share of loss	500,834	208,025
Directors		
Rent paid	263,530	239,580
Security deposit	217,800	217,800
Certificate of musharaka issued	4,000,000	-
Financial Charges Paid	21,041	-
Spouse of a director		
Profit distributed	90,124	96,562
Paramount Investment Limited - Employees Provident Fund		
Contribution to the Fund	268,860	247,304
Profit paid on certificate of musharaka during the year	73,316	51,871
Balances with related parties		
Modaraba's Management Company		
No. of certificates held 1,965,768 (2016: 2,015,906)	14,743,260	19,638,023
Receivable / (payable) from management company	426,852	800,087
Musharaka Investors - weaving unit		
Advance given to weaving project	-	-
Receivable against sale of weaving unit	2,965,000	16,163,500
Directors		
No. of certificates held 291,746 (2016: 291,746)	2,188,095	2,914,543
Spouse of a director		
No. of certificates held 128,749 (2016: 128,749)	965,618	1,286,203
Paramount Investment Limited - Employees Provident Fund		
Certificates of musharaka	1,400,000	1,400,000
Accrued profit on certificate of musharaka	54,564	53,873

18. CHANGES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Modaraba's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Modaraba's cash flows as cash flow statement from financing activities.

	(Audited)	(Unaudited)			
	June 30, 2017	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	December 31, 2017
Rupees					
Unclaimed profit distributions	13,698,515	-	(8,136,158)	9,651,894	15,214,253
Certificates of musharaka	170,701,506	13,167,000	(23,847,000)	(27,790,000)	132,231,506
Current portion of certificates of musharaka	16,715,000	10,750,000	(6,630,000)	27,790,000	48,625,000

	(Audited)	(Unaudited)			
	June 30, 2016	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	December 31, 2016
Rupees					
Unclaimed profit distributions	12,678,308	-	(8,123,506)	10,341,314	14,896,116
Certificates of musharaka	190,676,006	550,000	-	(34,548,500)	156,677,506
Current portion of certificates of musharaka	37,065,000	-	(34,335,000)	34,548,500	37,278,500

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically repriced.

IFRS 7, "Financial instruments: Disclosures" requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). There are no items to report therein as on December 31, 2017 and June 30, 2017.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). There are no items to report therein as on December 31, 2017 and June 30, 2017
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). There are no items to report therein as on December 31, 2017 and June 30, 2017

As at December 31, 2017 and June 30, 2017 there were no financial assets to be classified under the above levels

20. INFORMATION ABOUT BUSINESS SEGMENTS

Segment assets and liabilities

	December 31, 2017 (Un-audited)						
	Generator project		Solutions Project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
Total assets	32,803,796	17,087,497	20,075,888	304,400,005	116,858,293	7,252	458,428,934
Total liabilities	413,019	215,142	4,406,756	227,097,956	19,559,200	-	251,279,054

	June 30, 2017 (Audited)						
	Generator project		Solutions Project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
Total assets	32,557,840	16,959,379	27,131,130	339,850,904	85,532,036	7,252	469,480,701
Total liabilities	357,231	186,082	3,322,747	242,041,270	8,169,254	-	253,719,353

Segment results

	For the quarter ended December 31, 2017						
	Generator project		Solutions project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
External revenue	1,486,333	774,231	1,425,620	7,306,469	53,109,050	-	62,615,370
Profit before tax	404,983	210,956	(1,948,934)	(407,768)	3,879,572	-	1,733,828

	For the quarter ended December 31, 2016						
	Generator project		Solutions project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
External revenue	240,000	125,016	5,734,291	8,079,617	37,240,781	-	51,179,705
Profit before tax	(2,933,096)	(1,527,850)	1,172,563	303,989	2,901,743	(395)	2,850,050

	For the half year ended December 31, 2017						
	Generator project		Solutions project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
External revenue	3,329,666	1,734,423	2,453,849	16,911,511	107,245,500	-	128,345,283
Profit before tax	961,478	500,834	(4,759,004)	474,198	8,657,883	-	4,873,910

	For the half year ended December 31, 2016						
	Generator project		Solutions project	Murabaha	FPM	FPM	Total
	Total	Modaraba's share	Total	Financing	Petro	Consulting	
	(Rupees)						
External revenue	1,342,167	699,135	9,089,100	16,581,479	65,596,285	-	91,965,999
Profit before tax	(3,601,674)	(1,876,112)	936,394	208,025	6,889,278	(395)	6,157,190



First Paramount Modaraba
(An Islamic Financial Institution)

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 23rd February, 2018 by the Board of Directors of the Modaraba Management Company.

For Paramount Investment Limited
(Management Company)

Chief Executive

Director








Director










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