



FIRST PARAMOUNT MODARABA

(An Islamic Financial Institution)
Managed by: Paramount Investments Limited

for the period ended
December 31, 2019 (Un-Audited)

Half Yearly Report 2019

For Long Term 'BBB', For Short Term A-3
Out Look - Stable
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 Shariah 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 First 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

BOARD OF DIRECTORS

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Syed Wajih Hassan	Chief Executive Officer/ Director
Mr. Nadeem Iqbal	Director
Mr. Pir Muhammad Kalia	Director
Mr. Habib Ahmed Navaid	Independent Director
Mr. Humayun Mazhar Qureshi	Independent Director
Mr. Abrar Ahmed	Director

AUDIT COMMITTEE

Mr. Habib Ahmed Navaid	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member

HUMAN RESOURCE COMMITTEE

Mr. Humayun Mazhar Qureshi	Chairman
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Ammad Jamal

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 Riaz Ahmed & Co.
Chartered Accountants

AUDITORS OF THE MODARABA MANAGEMENT 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 for the Six months period ended on 31st December, 2019 and Shari'ah Advisor's report thereon.

By the grace of Allah, Modaraba has posted a profit of PKR 2,782,767/= (EPS =0.20) for the half year ended December 31st, 2019, which is PKR 1,536,290/= (EPS =0.11) for the same period last year. Such increase in earnings is mainly contributed by its Musharika and Murabaha operations.

Considering the current economic condition and static monetary policy by the government, the Modaraba has performed notably well during the period. Modaraba's investments in Murabaha and Musharika will likely to yield better in later half of the financial year i.e incorporating monetary policy trends. Modaraba is in process of forging critical business alliances in IT and investment sector to enhance its profitability and overall size of the business.

Furthermore, the management of Modaraba is confident that all of its business divisions will continue to contribute to the profitability of Modaraba, 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, Islamabad and State Bank 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 25, 2020

S/d
Syed Wajih Hassan
(Chief Executive Officer)

INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of First Paramount Modaraba

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST PARAMOUNT MODARABA ("the Modaraba") as at 31 December 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as "condensed interim financial statements") for the six-months period then ended. The Management Company of Modaraba (Paramount Investments Limited) is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-months period ended 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-months period ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements for the preceding year ended 30 June 2019 and interim financial statements for the preceding period ended 31 December 2018 of the Modaraba were audited and reviewed, respectively by another firm of chartered accountants who expressed unqualified opinion and conclusion thereon vide their reports dated 01 October 2019 and 26 February 2019, respectively.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Waqas.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: 25th February , 2020
KARACHI

Shariah Advisor's Report

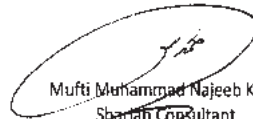
I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the half-year ended December 31st 2019, in accordance with the requirements as reported hereunder, in my opinion:

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. 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.
3. 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.
4. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.

Dated: February 07, 2020



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 (UN-AUDITED)
AS AT 31 DECEMBER 2019**

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	18,009,234	18,753,478
Murabaha financing - secured	6	30,850,299	68,893,341
Diminishing musharaka financing - secured	7	11,414,814	12,147,223
Musharaka financing - secured	8	12,000,000	12,000,000
Loans to employees		1,024,000	1,189,000
Long-term deposits		442,319	442,319
		73,740,666	113,425,361
CURRENT ASSETS			
Stores and spares		10,520,779	1,771,015
Trade debtors - unsecured	9	57,007,220	101,354,322
Loans and advances		30,417,827	18,528,277
Short term prepayments		596,254	482,286
Other receivables		6,157,999	6,279,622
Modaraba financing - secured and considered good	10	10,994,532	10,994,532
Short-term murabaha financing - secured	11	3,783,022	10,151,669
Current portion of murabaha financing	6	71,001,757	89,059,262
Current portion of diminishing musharaka financing	7	17,556,493	8,264,830
Current portion of musharaka financing	8	30,894,470	38,964,845
Current portion of loans to employees		380,000	585,338
Accrued profit		4,708,776	11,712,744
Advance income tax	12	41,580,562	35,367,276
Cash and bank balances	13	75,335,934	20,002,719
		360,935,625	353,518,737
		434,676,291	466,944,098
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital			
25,000,000 certificates of Rupees 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up certificate capital		137,884,193	137,884,193
Capital reserves		50,360,690	49,804,137
Revenue reserves		16,323,626	27,885,832
		204,568,509	215,574,162
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		5,096,485	14,921,700
Certificates of musharaka	14	122,555,000	120,481,361
		127,651,485	135,403,061
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		13,967,857	31,112,581
Current portion of deferred income		12,470,003	16,651,141
Current portion of certificates of musharaka	14	56,564,114	51,776,200
Unclaimed profit distributions		19,454,323	16,426,953
		102,456,297	115,966,875
		434,676,291	466,944,098
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 01 to 26 form an integral part of these condensed interim financial statements.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2019**

	Note	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
		2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Operating income	16	114,819,365	96,687,938	48,377,318	51,836,558
Operating costs					
Operating expenses		(103,799,408)	(89,740,942)	(41,825,210)	(47,627,752)
Reversal of provision against doubtful recoveries of Murabaha financing	6.1	55,377	93,179	11,927	92,426
		(103,744,031)	(89,647,763)	(41,813,283)	(47,535,326)
		11,075,334	7,040,175	6,564,035	4,301,232
Other income		394,740	562,613	214,689	358,705
		11,470,074	7,602,788	6,778,724	4,659,937
Financial charges		(8,268,768)	(5,835,434)	(4,321,023)	(3,102,496)
		3,201,306	1,767,354	2,457,701	1,557,441
Modaraba Company's management fee	17	(361,748)	(199,711)	(277,721)	(175,991)
		2,839,558	1,567,643	2,179,980	1,381,450
Provision for Sindh Workers' Welfare Fund		(56,791)	(31,353)	(43,599)	(27,629)
Profit before taxation		2,782,767	1,536,290	2,136,381	1,353,821
Taxation	18	-	-	-	-
Profit after taxation		2,782,767	1,536,290	2,136,381	1,353,821
Earnings per certificate - basic and diluted	19	0.20	0.11	0.15	0.10

The annexed notes from 01 to 26 form an integral part of these condensed interim financial statements.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2019**

	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Profit after taxation	2,782,767	1,536,290	2,136,381	1,353,821
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may be reclassified subsequently to profit and loss account	-	-	-	-
Total comprehensive income for the period	<u>2,782,767</u>	<u>1,536,290</u>	<u>2,136,381</u>	<u>1,353,821</u>

The annexed notes from 01 to 26 form an integral part of these condensed interim financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2019**

	Six-Months Period Ended 31 December	
	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,782,767	1,536,290
Adjustments for non-cash items:		
Depreciation	518,511	672,365
Amortisation	183,783	98,177
Provision for Sindh Workers' Welfare Fund	56,791	31,353
Financial charges	8,268,768	5,894,881
Reversal of provision against doubtful recoveries of Murabaha financing	(55,377)	(93,179)
Operating profit before working capital changes	11,755,243	8,139,887
(Increase) / decrease in current assets		
Murabaha financing - net	48,462,841	2,598,823
Diminishing Musharaka financing - net	(8,559,254)	(9,045,951)
Musharaka financing - net	8,070,375	(20,032,000)
Modaraba financing - net	-	2,479,050
Stores and spares	(8,702,814)	581,485
Trade debts	44,402,479	18,344,036
Loans to employees	370,338	(394,002)
Loans and advances	(11,889,550)	5,126,867
Short term prepayments	(113,968)	55,117
Other Receivables	121,623	532,390
Accrued profit	7,003,968	1,822,655
Decrease in current liabilities		
Creditors, accrued and other liabilities	(17,201,515)	(4,299,590)
Net cash generated from operations	73,719,766	5,908,767
Taxes paid	(6,213,286)	(4,646,937)
Net cash generated from operating activities	67,506,480	1,261,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of fixed assets	(5,000)	(36,975)
Net cash used in investing activities	(5,000)	(36,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Certificate of Musharaka - issuance	21,150,000	14,575,000
Certificate of Musharaka - redemptions	(22,557,215)	(16,278,043)
Profit distribution to certificate holders	(10,761,050)	(6,108,787)
Net cash used in financing activities	(12,168,265)	(7,811,830)
Net increase / (decrease) in cash and cash equivalents	55,333,215	(6,586,975)
Cash and cash equivalents at beginning of the period	20,002,719	25,579,076
Cash and cash equivalents at end of the period	75,335,934	18,992,101

The annexed notes from 01 to 26 form an integral part of these condensed interim financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2019

	Issued, subscribed and paid up certificate capital Rupees	Reserves			Revenue Unappropriated profit Rupees	Total Rupees
		Merger reserve Rupees	Capital			
			Statutory reserve Rupees	Total Rupees		
Balance as at 01 July 2018	137,884,193	1,935,160	45,451,957	47,387,117	27,869,648	213,140,958
Transaction with owners:						
Profit distribution for the year ended 30 June 2018 @ Rupees 0.7 per certificate	-	-	-	-	(9,651,894)	(9,651,894)
Total comprehensive income:						
Profit after taxation	-	-	-	-	1,536,290	1,536,290
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,536,290	1,536,290
Transferred to statutory reserve @ 20%	-	-	307,258	307,258	(307,258)	-
Balance as at 31 December 2018	137,884,193	1,935,160	45,759,215	47,694,375	19,446,786	205,025,354
Total comprehensive income:						
Profit after taxation	-	-	-	-	10,548,808	10,548,808
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	10,548,808	10,548,808
Transferred to statutory reserve @ 20%	-	-	2,109,762	2,109,762	(2,109,762)	-
Balance as at 30 June 2019	137,884,193	1,935,160	47,868,977	49,804,137	27,885,832	215,574,162
Transaction with owners:						
Profit distribution for the year ended 30 June 2019 @ Rupees 1.0 per certificate	-	-	-	-	(13,788,420)	(13,788,420)
Total comprehensive income:						
Profit after taxation	-	-	-	-	2,782,767	2,782,767
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,782,767	2,782,767
Transferred to statutory reserve @ 20%	-	-	556,553	556,553	(556,553)	-
Balance as at 31 December 2019	137,884,193	1,935,160	48,425,530	50,360,690	16,323,626	204,568,509

The annexed notes from 01 to 26 form an integral part of these condensed interim financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2019**

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 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on 26 June 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The registered office of the Modaraba is situated at Suite # 107-108, 1st Floor, P.E.C.H.S Community Office Complex, Block-2, Shahra-e-Quaideen, Karachi, in the province of Sindh. The Modaraba has a branch office in Islamabad. 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" (D) Engineering products and solutions to upstream service companies under the name of "FPM Geo Dynamics International" and (E) Consultancy business under the name "FPM Consulting".

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Modaraba have been prepared in accordance with:

- International Accounting Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB);
- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981;
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

In case where requirements differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

- 2.2 These condensed interim financial statements are un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements under Section 237(1) of Companies Act, 2017 and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.
- 2.3 These condensed interim financial statements have been prepared under the historical cost convention.
- 2.4 These condensed interim financial statements are prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.
- 2.5 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Modaraba for the year ended 30 June 2019. The comparative balance sheet presented has been extracted from annual financial statements for the year ended 30 June 2019, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the un-audited condensed interim financial statements for the six-months period ended 31 December 2018.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the published annual financial statements for the year ended 30 June 2019.

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 30 June 2019.

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
5. FIXED ASSETS			
Tangible	5.1	16,967,798	17,493,259
Intangible	5.2	1,041,436	1,260,219
		18,009,234	18,753,478
5.1 Tangible			
Opening net book value		17,493,259	23,503,477
Add: Additions during the period / year		5,000	27,950
		17,498,259	23,531,427
Transferred to stores and spares		(11,950)	-
Transferred to disposal:			
Cost		-	(3,249,091)
Accumulated depreciation		-	526,390
Disposal - net book value		-	(2,722,701)
Less: Depreciation charged during the period / year		(518,511)	(1,332,972)
Less: Impairment loss for the year		-	(1,982,495)
Closing net book value		16,967,798	17,493,259
5.2 Intangible			
Opening net book value		1,260,219	633,338
Add: Additions during the period / year		-	871,175
		1,260,219	1,504,513
Reversal made during the period		(35,000)	-
Transferred to disposal:			
Cost		-	-
Accumulated amortization		-	-
Disposal - net book value		-	-
Less: Amortization charged during the period / year		(183,783)	(244,294)
Closing net book value		1,041,436	1,260,219
6. MURABAHA FINANCING - SECURED			
Considered good		101,852,056	157,952,603
Considered doubtful		2,235,778	2,291,155
		104,087,834	160,243,758
Provision for doubtful recoveries	6.1	(2,235,778)	(2,291,155)
	6.2	101,852,056	157,952,603
Current portion of murabaha financing		(71,001,757)	(89,059,262)
		30,850,299	68,893,341
6.1 Movement in provision for doubtful recoveries			
Opening balance		2,291,155	3,025,735
Charge for the period / year		-	241,998
Reversal made during the period / year		(55,377)	(976,578)
Closing balance		2,235,778	2,291,155
6.2			
The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred alongwith specified profit margin, Murabaha sale is receivable in installements. These arrangements are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 1,004.94 million (30 June 2019: Rupees 1,000.51 million) in aggregate.			
6.3			
These facilities have various maturity dates up to 05 January 2023. Effective profit rate on these arrangements ranges from 5% to 16% (30 June 2019: 14% to 27%).			

6.4 Contractual receivables on Murabaha financing facilities:

	Principle Rupees	Profit Rupees	Total Rupees
31 December 2019 - unaudited			
Due within one year	62,149,857	8,851,899	71,001,756
Due after one year but within five years	27,813,878	5,272,200	33,086,078
Due after five years	-	-	-
	89,963,735	14,124,099	104,087,834
30 June 2019 - audited			
Due within one year	75,609,855	13,449,407	89,059,262
Due after one year but within five years	58,590,820	12,593,676	71,184,496
Due after five years	-	-	-
	134,200,675	26,043,083	160,243,758

The above represents receivables by the Modaraba in future periods in respect of Murabaha financing facilities given under long term arrangements.

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
7. DIMINISHING MUSHARAKA FINANCING - Secured			
Considered good - secured		28,971,307	20,412,053
Current portion of diminishing musharaka financing		(17,556,493)	(8,264,830)
	7.1	11,414,814	12,147,223

7.1 This represents financing provided to individuals under diminishing musharaka arrangement for purchase of vehicles and buildings. The effective profit rates on these arrangements ranges from 9% to 11% (30 June 2019: 16% and 19%) per annum and this is repayable on monthly basis over a maximum period of 5 years. These facilities have various maturity dates up to 09 November 2022. The financing is secured by mortgage of properties, hypothecation and personal guarantee of the borrower. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 110,600 million (30 June 2019: Rupees 86,20 million) in aggregate.

7.2 Contractual rentals receivable on Diminishing Musharaka financing facilities:

	Principle Rupees	Profit Rupees	Total Rupees
31 December 2019 - unaudited			
Due within one year	14,974,182	2,582,311	17,556,493
Due after one year but within five years	9,575,481	1,839,333	11,414,814
Due after five years	-	-	-
	24,549,663	4,421,644	28,971,307
30 June 2019 - audited			
Due within one year	6,606,109	1,658,721	8,264,830
Due after one year but within five years	9,714,307	2,432,916	12,147,223
Due after five years	-	-	-
	16,320,416	4,091,637	20,412,053

The above represents rentals receivable by the Modaraba in future periods in respect of Diminishing Musharaka financing facilities given under long term arrangements.

8. MUSHARAKA FINANCING - secured

Musharaka agreements for:

Fabric		-	3,460,375
Garments	8.1	894,470	5,504,470
Food products	8.2	12,000,000	12,000,000
Books printing - I	8.3	20,000,000	30,000,000
Books printing - II	8.4	10,000,000	-
		42,894,470	50,964,845
Less: Current portion of musharaka financing		(30,894,470)	(38,964,845)
		12,000,000	12,000,000

- 8.1** The Modaraba entered into a Musharaka arrangement for the production of High Quality Wrinkle Free Trousers and other Apparel during 2014. The arrangement involved financing of working capital of the Musharaka partner for the purchase of raw material, stitching and processing, whereas the Musharaka partner was exclusively responsible for the production and distribution function on consignment basis and not to make any fund based investment. Profit sharing ratio between the Modaraba and the Musharaka partner was 40:60 respectively. The financing was secured by way of mortgage of property. During 2017, the agreement was terminated due to operational losses incurred by the Musharaka partner. The Modaraba is in process to recover the financing as per agreement, from the Musharaka partner.
- 8.2** The Modaraba has entered into a Musharaka arrangement with Musharaka partner for distribution of food products like milk, biscuits etc. The Modaraba's share of investment is 30% of the total financing required by Musharaka partner and profit on investment is shared in the ratio of 35:65 (30 June 2019: 35:65) between Modaraba and Musharaka partner respectively. This financing is secured by way of mortgage of property.
- 8.3** The Modaraba signed a Musharaka arrangement amounting to Rupees 30 million for printing of 355,000 books with a Musharaka partners. The profit on the investment is shared between Modaraba and the Musharaka partner in the ratio of 50:50 (30 June 2019: 50:50), respectively.
- 8.4** During the period, the Modaraba signed a Musharaka arrangement amounting to Rupees 10 million for printing of 113,892 books with a Musharaka partner. The profit on the investment is shared between Modaraba and the Musharaka partner in the ratio of 64.09:35.91, respectively. The financing is secured by way of mortgage of immoveable property.
- 8.5** The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 96.671 million (30 June 2019: Rupees 106.671 million) in aggregate.

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
8.6 Contractual rentals receivable on Musharaka financing facilities:		
Due within one year	30,894,740	38,964,845
Due after one year but within five years	12,000,000	12,000,000
Due after five years	-	-
	<u>42,894,740</u>	<u>50,964,845</u>
9. TRADE DEBTORS - unsecured		
Considered good	57,007,220	101,354,322
Considered doubtful	3,289,466	3,289,466
	<u>60,296,686</u>	<u>104,643,788</u>
Allowance for expected credit losses	(3,289,466)	(3,289,466)
	<u>57,007,220</u>	<u>101,354,322</u>
9.1 Movement in allowance for expected credit losses:		
Opening balance	3,289,466	3,289,466
Charge for the period / year	-	-
Reversal made during the period / year	-	-
Closing balance	<u>3,289,466</u>	<u>3,289,466</u>

10. MODARABA FINANCING - Secured and considered good

The Modaraba has signed an arrangement with Advanced Power Solutions and Technologies (APS) for installation of new UPS systems and upgrading of existing UPS systems of a bank, at its branches all over Pakistan. The profit on the investment is shared between Modaraba and APS in the ratio of 50:50. The financing is secured by way of mortgage of property. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 34,233 million (30 June 2019: Rupees 34.233 million) in aggregate.

11. SHORT TERM MURABAHA FINANCING - Secured

Murabaha sale price is receivable in installments. Effective profit rate on these arrangements ranges from 7% to 10% (30 June 2019: from 13% to 20%) per annum receivable on agreed terms. These financing are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 113.090 million (30 June 2019: Rupees 125.11 million) in aggregate.

- 12.** This includes income tax refundable on account of net advance tax paid / withheld aggregating to Rupees 2,808,171 (30 June 2019: Rupees 2,808,171) and Rupees 3,096,879 (30 June 2019: Rupees 3,096,879) relating to its CNG business for tax years 2009 and 2010 respectively which were expensed out in the respective accounting periods. These amounts were recorded as refundable as the management filed an application for the refund of the same under Section 170 of the Income Tax Ordinance, 2001.

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
13. CASH AND BANK BALANCES	Note		
Cash in hand		90,863	38,036
Cash at banks			
- Current accounts		37,406,819	6,646,650
- Deposit accounts	13.1 & 13.2	<u>37,838,252</u>	<u>13,318,033</u>
		<u>75,335,934</u>	<u>20,002,719</u>

- 13.1** This includes Rupees 8,785,019 (30 June 2019: Rupees 6,461,131) in respect of Redemption Reserve Fund established on account of Certificate of Musharaka.

- 13.2** Effective profit rate in respect of deposit accounts ranges from 6.26% to 7.06% (30 June 2019: 2.40% to 6.26%) per annum.

14. CERTIFICATES OF MUSHARAKA

Opening balance		172,257,561	168,869,589
Issued during the period / year		21,150,000	44,725,000
Redemption made during the period / year		(15,000,000)	(42,040,000)
Profit accrued during the period / year		8,268,768	12,839,236
Profit paid during the period / year		<u>(7,557,215)</u>	<u>(12,136,264)</u>
		179,119,114	172,257,561
Less: Current portion of certificates of musharaka		<u>(56,564,114)</u>	<u>(51,776,200)</u>
	14.1	<u>122,555,000</u>	<u>120,481,361</u>

- 14.1** 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 7.50% to 10.00% (30 June 2019: 6.00% to 8.50%) per annum (refer Note 13.1).

15. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- 15.1** The Government of Sindh levied Sindh sales tax on services at the rate of 13% (30 June 2019: 13%) 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. (refer Note 17)

- 15.2** An amount of Rs. 1.2 million has been deducted from the bank account of the Modaraba on the instructions of the FBR vide letter # CIR/Zone-1/CRTO/Khi/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. The matter was taken to Commissioner Inland Revenue (Appeal III), Karachi who remanded back the case to the officer with directions to provide an opportunity of being heard to the Appellant. Management is confident that the deducted amount will be refunded therefore no expense has been booked in this regard.

- 15.3** During the period, the Sindh Revenue Board (SRB) has raised accumulated demand of Rs. 6,956,107 vide orders 629 of 2019, 632 of 2019, 635 of 2019 and 636 of 2019 dated 19 July 2019, 23 July 2019, 25 July 2019 and 29 July 2019, on the grounds that the Modaraba's activities fall under tariffs 9809, 9822, 9822.2 and 9822.3 of Second Schedule of the Sindh Sales Tax on Services Act, 2011 (the Act). However the Modaraba has filed an appeal against the above orders on the grounds that all service taxes as per the Act have already been charged and all the sales tax returns in relevant tax periods have been filed appropriately. The decision is pending in the court and the Management is confident that the orders will be withdrawn therefore no liability has been recorded in this regard.

b) Commitments

There were no commitments as at reporting date. (30 June 2019: Nil)

	Note	Un-audited	Un-audited	Un-audited	Un-audited
		Six-months period ended	Six-months period ended	Three-months period ended	Three-months period ended
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Rupees	Rupees	Rupees	Rupees
16. OPERATING INCOME					
Profit on:					
- murabaha financing		11,966,775	12,023,733	6,572,706	6,044,829
- diminishing musharaka financing		2,126,859	1,307,905	1,349,653	920,608
- musharaka financing		2,015,913	348,201	1,666,913	18,290
- modaraba financing		-	60,950	-	60,950
Income from:					
- dry batteries modaraba		-	242,710	-	99,804
- FPM Solution	16.1	4,401,213	2,590,217	3,025,196	1,932,384
- FPM Petro	16.2	94,308,605	80,114,222	35,762,850	42,759,693
		114,819,365	96,687,938	48,377,318	51,836,558

16.1 This represents income generated from Project Power solution business of FPM Solutions. This 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.

16.2 This represents income generated from chemical business of FPM Petro Services.

17. MODARABA COMPANY'S MANAGEMENT FEE

The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the six-months period ended 31 December 2019 has been recognized at 10% (30 June 2019: 10%) of net profit for the period.

18. 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 these condensed interim financial statements.

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

19. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Profit for the period attributable to certificate holders - Rupees	2,782,767	1,536,290	2,136,381	1,353,821
Weighted average number of certificates - Number	13,788,420	13,788,420	13,788,420	13,788,420
Earnings per certificate - basic and diluted - Rupees	0.20	0.11	0.15	0.10

19.1 There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there are no convertible instruments in issue as at 31 December 2019 and 30 June 2019 which would have any effect on the earnings per certificate if the option to convert is exercised.

20. 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:

Relationship with the Modaraba	Name of related party	Basis of relationship	Nature of transactions	Un-audited		
				Six-months period ended 31 December 2019	Un-audited 31 December 2018	
				Rupees	Rupees	
i.	Management Company	Paramount Investments Limited	14.26% certificate holding	Management fee Payments made during the period Profit distributed	(361,748) (900,000) (1,965,768)	(199,711) (312,553) (1,376,038)
ii.	Musharaka Investors - Generator Project	AL-BURQ Associates	52.09% share of Modaraba	Modaraba's share of loss in joint operation	(960)	(231,675)
iii.	Directors	-	-	Rent paid Profit distribution	(263,538) (286,034)	(263,530) (90,124)
iv.	Staff retirement funds	Paramount Investments Limited - Employees' Provident Fund	Unfunded provident fund scheme	Contribution to the Fund Profit paid on certificates of musharaka	(321,518) (68,250)	(293,353) (46,958)
				Receivable/ (payable) balance		
				Un-audited 31 December 2019	Audited 30 June 2019	
				Rupees	Rupees	
i.	Management Company	Paramount Investments Limited	14.26% certificate holding	1,142,476	-	(110,397)
ii.	Directors	-	-	217,800	217,800	
iii.	Staff retirement benefit funds	Paramount Investment Limited - Employees Provident Fund	Unfunded provident fund scheme	1,400,000	1,400,000	2,407
				3,492		

21. 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 flows from financing activities.

	(Audited)	(Un-audited)			
	30 June 2019	Financing cash inflows	Financing cash outflows	Non Cash changes	31 December 2019
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	<u>16,426,953</u>	<u>-</u>	<u>(10,761,050)</u>	<u>13,788,420</u>	<u>19,454,323</u>
Certificates of musharaka	<u>172,257,561</u>	<u>21,150,000</u>	<u>(22,557,215)</u>	<u>8,268,768</u>	<u>179,119,114</u>

	(Audited)	(Un-audited)			
	30 June 2018	Financing cash inflows	Financing cash outflows	Non Cash changes	31 December 2018
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	<u>14,417,720</u>	<u>-</u>	<u>(6,108,787)</u>	<u>9,651,894</u>	<u>17,960,827</u>
Certificates of musharaka	<u>168,869,589</u>	<u>14,575,000</u>	<u>(16,218,269)</u>	<u>5,835,107</u>	<u>173,061,427</u>

22. 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 estimated fair value of 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 31 December 2019 and 30 June 2019.
- 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 31 December 2019 and 30 June 2019.
- 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 at 31 December 2019 and 30 June 2019.

As at 31 December 2019 and 30 June 2019, there were no financial assets to be classified under the above levels.

23. INFORMATION ABOUT BUSINESS SEGMENTS

Information regarding the Modaraba's reportable segments are presented below:

Segment assets and liabilities

	As at 31 December 2019 (Un-audited)									
	Generator project					FPM Geo				
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Solutions Rupees	FPM Petro Services Rupees	FPM Dynamics International Rupees	FPM Consulting Rupees	Total Rupees	Financing Rupees	Total Rupees
Total assets	260,557,770	25,780,658	13,429,145	29,497,674	130,989,166	196,335	434,676,291	6,201	40,227	230,107,782
Total liabilities	96,723,550	35,249,833	18,361,638	36,760,635	78,528,935	(307,202)	230,107,782	40,227	40,227	230,107,782
	As at 30 June 2019 (Audited)									
	Generator project					FPM Geo				
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Solutions Rupees	FPM Petro Services Rupees	FPM Dynamics International Rupees	FPM Consulting Rupees	Total Rupees	Financing Rupees	Total Rupees
Total assets	300,666,952	29,683,621	13,479,703	19,260,552	128,696,137	4,834,227	466,944,098	6,527	6,527	466,944,098
Total liabilities	224,834,395	(421,487)	(219,553)	2,416,839	23,852,474	486,626	251,369,936	(845)	(845)	251,369,936
	Segment results									
	For the six-months period ended 31 December 2019 (Un-audited)									
	Generator project					FPM Geo				
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Solutions Rupees	FPM Petro Services Rupees	FPM Dynamics International Rupees	FPM Consulting Rupees	Total Rupees	Financing Rupees	Total Rupees
External revenue	16,109,547	-	-	4,401,213	94,308,605	-	114,819,365	-	-	114,819,365
Profit before tax	(4,666,931)	(1,843)	(960)	853,380	6,662,842	(65,244)	2,782,767	(320)	(320)	2,782,767
	For the six-months period ended 31 December 2018 (Un-audited)									
	Generator project					FPM Geo				
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Solutions Rupees	FPM Petro Services Rupees	FPM Dynamics International Rupees	FPM Consulting Rupees	Total Rupees	Financing Rupees	Total Rupees
External revenue	13,983,499	-	-	2,590,218	80,114,221	-	96,687,938	-	-	96,687,938
Profit before tax	(2,327,997)	(444,760)	(231,675)	(680,103)	4,776,428	-	1,536,290	(363)	(363)	1,536,290

24. CAPITAL RISK MANAGEMENT

The Modaraba's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distribution to certificate holders or issue new certificates / right certificates. The Modaraba is not exposed to external capital requirements.

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 25, 2020 by the Board of Directors of the Modaraba's Management Company.

26. GENERAL

26.1 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassifications of corresponding figures have been made during the period in these condensed interim financial statements, except for the following:

From	To	Rupees
Advances, deposits, prepayments and other receivables	Loans and advances	<u>18,528,277</u>
	Short term prepayments	<u>482,286</u>
	Other receivables	<u>5,034,622</u>
	Advance income tax	<u>5,905,050</u>
Receivable against sale of weaving unit	Other receivables	<u>1,245,000</u>
Financial charges	Operating expenses	
Bank charges	Bank charges	<u>59,447</u>
Musharaka financing	Current portion of musharaka financing	<u>33,460,375</u>

26.2 Figures have been rounded off to the nearest Rupee.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director








Director










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