

Quarterly Report

for the period ended
March 31, 2015 (Un-Audited)



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

First Paramount Modaraba

(An Islamic Financial Institution)

Managed by: Paramount Investments Limited

For Long Term 'BBB'
For Short Term A-3
Out Look - Positive
By JCR VIS Credit 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. Pir Muhammad Kalia	Director
Mr. Abdul Razzak Jandga	Director
Mr. Nadeem Iqbal	Independent Director
Mr. Humayun Mazhar Qureshi	Director
Mr. Khalid Rehman	Director

AUDIT COMMITTEE

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

CREDIT RATING

Long term **BBB**

Short Term **A-3**

Out Look **Positive**

By JCR Credit Rating Company

AUDITORS OF THE MODARABA

M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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 period ended on 31st March, 2015 & Shari'ah Advisor's report thereon.

By the grace of Allah, Modaraba has posted a profit of PKR 10,714,265/= (EPS =1.16) for the nine months ended on 31st March 2015, which is PKR 534,406/= (4.75%) less than Modaraba's achievements for the same period last year i.e. PKR 11,248,671/=. This decrease is due to seasonal hick-up in Modaraba's Generator Rental project and continuous instability of textile sector that is affecting Modaraba's investment in weaving unit. Other factor affected the upward trends of net profits of Modaraba is the inherently inconsistent nature of returns from participatory investments i.e. Musharikas. However, Management of the Modaraba is confident that Modaraba's overall results for the financial year will Insh Allah be better than past year's.

Management of the Modaraba is continuously working on minimizing the effects of its administrative costs by enhancing the overall asset base of the Modaraba, primarily through;

- a) employing funds by the issue of "Certificate of Musharika" and
- b) Successful completion of 30% 2nd Right Share Issue of Modaraba Certificate to its Certificate holders

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: April 28, 2015

Syed Wajih Hassan
Chief Executive Officer

Shariah Advisor's Report

I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the quarter ended March 31st 2015, in accordance with the requirements as reported hereunder, in my opinion:

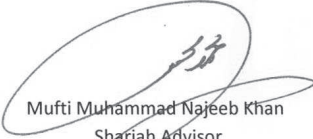
1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. Following were the major developments that took place during the year:
 - (A) Research and new product development , like real Musharka , Modaraba and Diminishing Musharka Products
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.
6. The earnings that have been realized from the sources or by means prohibited by Shariah have been credited to charity accounts.

Observation(s) Nil

Recommendation (s) Nil

Conclusion:

Dated: April 14th 2015.



Mufti Muhammad Najeeb Khan
Shariah Advisor
of First Paramount Modaraba
Managed By Paramount Investments Limited

First Paramount Modaraba

Balance Sheet (Unaudited)

For the period ended March 31, 2015

	<i>Note</i>	31 March 2015	30 June 2014
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	56,521,753	60,188,077
Long term portion of murabaha receivable	6	54,173,248	52,761,308
Long term portion of diminishing musharika financing	7	5,461,178	13,620,283
Long Term Mushrikah Investment	9	45,550,000	10,044,000
Loan to employees		323,675	266,668
Long term deposit		483,749	205,428
		<u>162,513,602</u>	<u>137,085,764</u>
CURRENT ASSETS			
Current portion of musharika finance	9	13,297,572	15,618,686
Cash and bank balances		35,562,177	41,631,483
Current portion of long term murabaha receivable		70,909,291	69,072,116
Current portion of long term diminishing musharika financing		14,216,046	13,530,546
Current portion of loan to employees		231,996	100,000
Shot-term musharika finance	10	18,000,000	-
Short-term murabaha receivable	8	21,010,416	17,892,380
Advances against morabaha		27,804,038	14,400,080
Stores and spares		2,059,175	1,546,792
Trade debtors		15,259,576	3,275,075
Accrued Profit		47,922	626,723
Receivable from Modaraba Management Company - a related party		-	11,652
Advances, prepayments and other receivables		5,507,861	11,570,550
		<u>223,906,070</u>	<u>189,276,083</u>
TOTAL ASSETS		<u>386,419,673</u>	<u>326,361,847</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate Capital			
<i>Authorised</i>			
25,000,000 (30 June 2012: 25,000,000) certificates of Rs. 10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up		92,230,229	83,845,663
Capital reserves		56,079,021	64,463,587
Unappropriated profit		30,997,104	31,182,775
		<u>179,306,353</u>	<u>179,492,025</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred income		7,100,192	8,302,276
Certificates of musharaka		117,707,500	71,500,153
		<u>124,807,692</u>	<u>79,802,429</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		13,715,816	12,772,934
Certificates of musharaka		37,210,000	22,383,271
Deferred income		18,257,638	21,255,754
Payable to Modaraba Management Company - a related party		1,194,292	-
Unclaimed profit distribution		11,927,881	10,655,434
		<u>82,305,627</u>	<u>67,067,393</u>
TOTAL EQUITY AND LIABILITIES		<u>386,419,673</u>	<u>326,361,847</u>

Chief Executive

Director

Director

First Paramount Modaraba
Profit and Loss Account (Unaudited)
for the Period ended March 31, 2015

	Note	<i>Nine months period ended</i>		<i>Three months period ended</i>	
		July-March 2015	July-March 2014	Jan-March 2015	Jan-March 2014
Operating income	11	59,499,482	40,879,089	24,683,001	14,033,424
Operating costs					
(Provision) reversal for doubtful recoveries		263,595	297,066	-	60,497
Operating expenses		39,839,281	25,480,486	18,178,254	8,300,934
		(40,102,876)	(25,777,552)	(18,178,254)	(8,361,431)
		<u>19,396,606</u>	<u>15,101,537</u>	<u>6,504,747</u>	<u>5,671,992</u>
Other income	12	2,190,272	1,337,831	290,210	402,565
		<u>21,586,878</u>	<u>16,439,368</u>	<u>6,794,957</u>	<u>6,074,558</u>
Financial charges		(9,219,317)	(3,454,938)	(4,240,959)	(1,425,988)
Provision for worker's welfare fund		(247,351)	(259,689)	(51,080)	(92,971)
		<u>12,120,210</u>	<u>12,724,741</u>	<u>2,502,918</u>	<u>4,555,598</u>
Modaraba company's management fee		(1,405,944)	(1,476,070)	(290,338)	(528,449)
Profit for the period		<u>10,714,265</u>	<u>11,248,671</u>	<u>2,212,579</u>	<u>4,027,149</u>
Earnings per certificate		<u>1.16</u>	<u>1.34</u>	<u>0.24</u>	<u>0.39</u>

Chief Executive

Director

Director

First Paramount Modaraba
Cash Flow Statement (Unaudited)
For the period ended March 31, 2015

	31 March 2015	30 June 2014
Profit for the year	10,714,265	12,387,610
Adjustments for:		
Depreciation on tangible fixed assets	2,386,695	3,185,975
Depreciation on intangible assets	48,520	90,307
Provision for worker's welfare fund	247,351	285,982
Provision for doubtful recoveries	263,595	289,584
Financial charges	9,219,317	6,445,625
Gain / Loss on sale of assets in own use	657,957	12,079
Operating profit before working capital changes	23,537,700	22,697,162
<i>(Increase) / decrease in assets</i>		
-Diminishing musharakah receivable - net	7,473,605	(4,720,476)
- Stores and spares	(512,383)	(863,455)
- Long term deposits	(278,321)	3,000
- Trade debtors	(11,984,501)	(2,015,654)
- Receivable from Modaraba's management company - a related party	11,652	154,413
- Advances, prepayments and other receivable	6,452,547	(10,094,576)
<i>Increase / (decrease) in liabilities</i>		
- Creditors, accrued and other liabilities	695,531	7,059,675
- Payable to Modaraba Management Company.	1,194,292	
Net cash from operations	26,590,122	12,220,089
Financial charges paid	(9,219,317)	(6,445,625)
Net cash (used in) / from operating activities	17,370,805	5,774,464
Cash flows from investing activities	-	
Murabaha receivable - net	(10,830,946)	(714,831)
Advance against murabaha	(13,403,958)	(13,737,080)
Capital expenditure including capital work in progress	(6,792,365)	(11,147,911)
Investment - net	-	2,053,047
Sale proceeds of assets in own use	7,365,456	232,849
Musharaka arrangements	(51,184,886)	(18,220,382)
Net cash from investing activities	(74,846,699)	(41,534,308)
Cash flows from financing activities		
Musharaka financing - net	61,034,076	47,848,459
Profit distributed	(9,627,489)	(7,577,106)
Net cash used in financing activities	51,406,587	40,271,353
Net (decrease) / increase in cash and cash equivalents	(6,069,307)	4,511,509
Cash and cash equivalents at beginning of the year	41,631,483	37,119,973
Cash and cash equivalents at end of the Quarter	35,562,177	41,631,483

The annexed notes 1 to 13 form an integral part of these financial statements

Chief Executive

Director

Director

First Paramount Modaraba
STATEMENT OF CHANGES IN EQUITY (Unaudited)
for the Period ended March 31, 2015

	CAPITAL			REVENUE		Total
	Share Capital	Merger Reserve	Statutory Reserve	Unrealised gain on revaluation of available for sale Investment	Unappropriated Profit	
BALANCES AS AT JULY 1, 2013	76,223,330	1,935,160	67,673,238	182,374	29,657,252	175,671,354
Profit distribution for the year ended 30 June 2013 @ Rs. 1.10 per certificate	-	-	-		(8,384,566)	(8,384,566)
Issuance of Bonus Certificate 10%	7,622,333		(7,622,333)			-
Profit for the year					12,387,610	12,387,610
Transferred to Statutory Reserve			2,477,522		(2,477,522)	-
Unrealised gain on revaluation of available for sale Investment				(182,374)	-	(182,374)
BALANCES AS AT JUNE 30 2014	83,845,663	1,935,160	62,528,427	-	31,182,774	179,492,024
Profit distribution for the year ended 30 June 2014 @ Rs. 1.30 per certificate					(10,899,936)	(10,899,936)
Issuance of Bonus Certificate 10%	8,384,566		(8,384,566)			-
Total comprehensive income for the period ended March 31, 2015					10,714,265	10,714,265
BALANCES AS AT MARCH 31, 2015	92,230,229	1,935,160	54,143,861	-	30,997,104	179,306,353

The annexed notes 1 to 13 form an integral part of these financial statements

Chief Executive

Director

Director

FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF PERIOD ENDED MARCH 31, 2015

1. LEGAL STATUS AND OPERATIONS

First Paramount Modaraba (the Modaraba) is a multi-purpose, perpetual and multi-dimensional 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, a company incorporated in Pakistan. The Modaraba is listed on the Karachi and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities includes deployment of funds on murabaha and musharika arrangements and generator rental and sale project under the name "AL-BURQ Associates" (formerly known as Advance Trading Corporation), weaving business under the name of "FPM Weaving", electrical maintenance and troubleshooting services' business under the name of "FPM Solutions".

1.1 The financial information is presented in Pakistan rupees, which is the modaraba's functional and presentation currency. Figures have been rounded off to the nearest rupee, unless stated otherwise.

2. STATEMENT OF COMPLIANCE

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, 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, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP have been followed.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New / Revised Standards, Interpretations and Amendments

The Modaraba has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Modaraba for the year ended June 30, 2014.

5. PLANT AND EQUIPMENT	March 31 2015 (Unaudited)	June 30 2014 (Audited)
Plant and equipment	54,827,339	59,087,888
Capital Work in progress - Advance to suppliers	-	639,647
Intangible assets	1,522,615	288,743
Generator marked for sale	171,799	171,799
	<u>Rupees 56,521,753</u>	<u>60,188,077</u>
5.1 Cost		
Opening balance	71,956,063	60,723,846
Addition / (disposal) - net	(4,978,486)	11,072,712
	<u>Rupees 66,977,577</u>	<u>71,796,558</u>
Accumulated depreciation		
Opening balance	12,790,163	9,556,136
For the period - net of disposal	(639,925)	3,152,534
	<u>Rupees 12,150,237</u>	<u>12,708,670</u>
Written down value	<u>54,827,339</u>	<u>59,087,888</u>
6. LONG TERM MURABAHA RECEIVABLES - Secured		
Considered good - secured	125,082,539	121,833,424
Considered doubtful - secured	3,036,449	2,954,388
	<u>128,118,988</u>	<u>124,787,812</u>
Provision for doubtful recoveries	(3,036,449)	(2,954,388)
	<u>125,082,539</u>	<u>121,833,424</u>
Receivable within one year shown under current assets	(70,909,291)	(69,072,116)
	<u>Rupees 54,173,248</u>	<u>52,761,308</u>
7. LONG TERM PORTION OF DIMINISHING MUSHARAKAH FINANCING - secured		
Considered good	19,677,224	27,150,829
Current portion of long term diminishing musharika financing	(14,216,046)	(13,530,546)
	<u>Rupees 5,461,178</u>	<u>13,620,283</u>
8. SHORT TERM MURABAHA RECEIVABLES		
Considered good-secured	21,010,416	17,892,380
Considered doubtful - secured	-	31,294
	<u>21,010,416</u>	<u>17,923,674</u>
Provision for doubtful recoveries	-	(31,294)
	<u>Rupees 21,010,416</u>	<u>17,892,380</u>
9. LONG TERM MUSHARIKA FINANCES		
Musharika for Fabric	1,044,000	1,044,000
Musharika for Garments	13,297,572	15,618,686
Musharika for food products	6,000,000	6,000,000
Musharika for printing	3,000,000	3,000,000
Musharika for UPS system	15,506,000	-
Musharika for dry fruits, spices & herbs	20,000,000	-
	<u>58,847,572</u>	<u>25,662,686</u>
Current portion of long-term musharika financing	(13,297,572)	(15,618,686)
	<u>Rupees 45,550,000</u>	<u>10,044,000</u>

	March 31 2015 (Unaudited)	June 30 2014 (Audited)
10. SHORT TERM MUSHARIKA FINANCES		
Musharika for water treatment	15,000,000	-
Musharika for school stationery	3,000,000	-
	<u>-</u>	<u>-</u>
<i>Rupees</i>	<u>18,000,000</u>	<u>-</u>

	Nine months period ended		Three months period ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Unaudited) -----			
Profit on murabaha Receivable	17,799,038	18,302,713	5,958,085	5,892,965
Profit on diminishing musharika	3,685,085	2,511,700	1,213,830	796,503
Rental income of DM		-	-	-
Income from Musharika Projects	12,148,252	1,176,807	4,447,595	547,663
Income from Generator Project	8,010,053	10,511,696	1,937,401	3,256,365
Income from Weaving Project	5,458,184	6,388,948	1,581,973	2,234,317
Income from Solution Project	12,398,870	1,987,225	9,544,117	1,305,611
<i>Rupees</i>	<u>59,499,482</u>	<u>40,879,089</u>	<u>24,683,001</u>	<u>14,033,424</u>

	Nine months period ended		Three months period ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Unaudited) -----			
Gain on sale of fixed assets	(657,957)	(12,079)	-	-
Profit on Islamic Bank deposits	1,172,193	476,131	207,157	247,234
Income on modaraba certificate	-	-	-	-
Income on COIs	404,461	2,640	43,394	(231,070)
Modaraba's management fee	195,249	292,274	22,579	101,784
Rental income from Patel hospital	-	-	-	-
Other income	1,076,326	578,866	17,080	284,618
<i>Rupees</i>	<u>2,190,272</u>	<u>1,337,831</u>	<u>290,210</u>	<u>402,566</u>

13. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on 28th April, 2015 by the Board of Directors of the Modaraba Management Company
The year should be 2015

Chief Executive

Director

Director

BOOK POST
Printed Matter

Under Postal Certificate

First Paramount Modaraba
(An Islamic Financial Institution)

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