

for the period ended
March 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

**Quarterly
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 for the three quarters ended on 31st March, 2017, and Shari'ah Advisor's report thereon.

By the grace of Allah, Modaraba has posted a profit of PKR 9,586,534/=(EPS =0.70) for the three quarters ended on 31st March 2017, which is PKR 1,667,984/= (21.06%) ahead of Modaraba's achievements for the same period last year i.e. PKR 7,918,500/=. Major contributors to this performance are Modaraba's investment in Morabaha finance and Modaraba's in-house venture - 'FPM Petro Services'.

During the period regulators – SECP, vide their letter dated March 16, 2017, lifted the temporary bar it had placed on the Modaraba for raising funds through the issue of COM certificates. This decision of the regulators would not only impact the profitability of the Modaraba positively but will also strengthen the confidence and trust of its various stakeholders.

Process of Modaraba's disinvestment from ailing 'Weaving Unit' and 'Al-Akhuwaat Group. FZC continued during the period. InshAllah, by the end of this financial year, Modaraba's investment in the two ventures will be redeemed completely. As mentioned in our past reports, Modaraba is also in process of reducing its stakes in ATC – Generators Rental Project, since it has become less productive over the period.

Overall, Alhamdulillah, Modaraba is now well positioned to surpass its last years' financial achievements. This will (InshAllah) be accomplished for the second consecutive years – last year the increase in profit over the previous year was Rs. 2,886,442 (28.42%), showing a healthy sign of business growth and successful business plan.

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 24, 2017

S/d
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 half year ended March 31st 2017, in accordance with the requirements as reported hereunder, in my opinion:

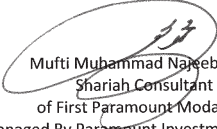
1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. Following were the major developments that took place during the year:

(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: April 24, 2017



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
BALANCE SHEET (Unaudited)
for the period ended March 31, 2017**

ASSETS	Note	March 31, 2017	June 30, 2016
----- (Rupees) -----			
NON-CURRENT ASSETS			
Operating fixed assets	6	24,770,518	34,152,163
Long-term murabaha financing	7	47,651,462	57,468,260
Long-term diminishing musharaka financing	8	6,014,065	5,319,835
Long-term musharaka financing	10	25,500,000	15,000,000
Loans to employees		352,000	168,346
Long-term deposits		401,969	401,969
Total non-current assets		104,690,014	112,510,572
CURRENT ASSETS			
Inventory & Stores		2,925,761	4,344,791
Trade debts		111,386,367	76,803,895
Receivable against sale of weaving segment		7,681,500	-
Advances, deposits, prepayments and other receivables		21,805,941	24,967,093
Short-term modaraba financing		1,950,000	9,000,000
Short-term murabaha receivables	9	23,491,565	32,922,950
Current portion of long-term murabaha financing	7	92,702,874	111,180,020
Current portion of long-term diminishing musharaka financing	8	5,809,418	5,138,811
Current portion of musharaka financing	10	16,551,827	37,857,597
Current portion of modaraba financing		14,662,000	16,326,000
Current portion of loans to employees		322,000	279,996
Advances against murabaha and musharaka		14,810,080	3,960,080
Accrued profit		1,539,487	1,665,524
Income tax refundable - net		13,183,010	3,054,848
Cash and bank balances		10,314,179	45,581,132
Total current assets		339,136,009	373,082,737
Assets classified as held for disposal		-	18,947,606
		339,136,009	392,030,343
TOTAL ASSETS		443,826,023	504,540,916
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate Capital			
Authorised			
25,000,000 (June 30, 2015: 25,000,000) certificates of Rs.10 each		250,000,000	250,000,000
Issued, subscribed and paid-up		137,884,193	137,884,193
Capital reserves		40,124,859	42,732,881
Unappropriated profit		31,099,158	29,245,915
Total certificate holders' equity		209,108,210	209,862,989
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		9,312,949	11,842,010
Certificates of musharaka		143,727,668	190,676,006
Total non-current liabilities		153,040,617	202,518,016
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		23,200,110	17,997,844
Current portion of deferred income		16,374,290	20,820,957
Current portion of certificates of musharaka		27,938,838	37,065,000
Payable to Modaraba's management company - a related party		445,633	928,277
Unclaimed profit distributions		13,718,325	12,678,308
Total current liabilities		81,677,196	89,490,386
Liabilities associated with assets classified as held for disposal		-	2,669,525
		81,677,196	92,159,911
TOTAL LIABILITIES		234,717,813	294,672,927
TOTAL EQUITY AND LIABILITIES		443,826,023	504,540,916
CONTINGENCIES AND COMMITMENTS			

Chief Executive

Director

Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
for the period ended March 31, 2017

	Note	Nine months period ended		Three months period ended	
		July-March 2017	July-March 2016	Jan-March 2017	Jan-March 2016
----- (Rupees) -----					
Operating income	11	159,695,526	85,832,642	67,729,527	25,944,641
Operating costs					
Operating expenses		140,360,775	72,411,075	59,643,020	25,930,947
Loss on sale of fixed assets - net		1,402,014	-	276,510	-
Provision for doubtful recoveries		106,340	757,449	104,689	-
		<u>(141,869,129)</u>	<u>(73,168,524)</u>	<u>(60,024,219)</u>	<u>(25,930,947)</u>
		17,826,397	12,664,118	7,705,308	13,694
Loss on disposal of weaving segment		(1,348,082)	-	-	-
Other income -net	12	7,423,501	8,958,452	151,135	7,886,127
		<u>23,901,816</u>	<u>21,622,570</u>	<u>7,856,443</u>	<u>7,899,821</u>
Financial charges		(12,848,508)	(12,492,454)	(3,902,287)	(3,976,841)
Provision for Workers' Welfare Fund		(221,066)	(182,602)	(79,083)	(78,460)
		<u>10,832,242</u>	<u>8,947,514</u>	<u>3,875,073</u>	<u>3,844,520</u>
Modaraba company's management fee inclusive of sales tax		(1,245,708)	(1,028,964)	(445,633)	(442,120)
Profit for the period		<u>9,586,534</u>	<u>7,918,550</u>	<u>3,429,440</u>	<u>3,402,400</u>
Earnings per certificate - basic and diluted		<u>0.70</u>	<u>0.57</u>	<u>0.25</u>	<u>0.25</u>

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT - UN-AUDITED
FOR THE PERIOD ENDED MARCH 31, 2017**

Note	March 31, 2017 ----- (Rupees) -----	June 30, 2016 -----
Profit before tax	9,586,534	13,040,109
Adjustments for:		
Depreciation on tangible fixed assets	1,397,975	2,829,590
Amortisation on intangible assets		453,343
Provision for Workers' Welfare Fund	221,066	300,706
Financial charges	12,848,508	16,706,762
Provision for doubtful debts	106,340	(469,783)
Loss on sale of fixed assets - net	1,402,014	1,321,757
	<u>1,348,082</u>	<u>-</u>
Operating profit before working capital changes	<u>26,910,519</u>	<u>34,182,484</u>
(Increase) / decrease in assets		
Murabaha receivables - net	30,643,261	(23,452,558)
Diminishing musharaka receivables - net	(1,364,837)	10,202,318
Stores and spares	1,419,030	(2,820,706)
Long-term deposits	-	(112,700)
Trade debts	(34,582,472)	(61,266,004)
Advances, deposit, prepayments and other receivables	3,061,531	(16,303,028)
Advance income tax	(10,128,162)	(2,049,567)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	4,981,200	2,877,710
Payable to Modaraba Management Company	(482,644)	(179,474)
Net cash flows from operations	<u>20,457,426</u>	<u>(58,921,526)</u>
Financial charges paid	<u>(12,848,508)</u>	<u>(16,706,762)</u>
Net cash used in / generated from operating activities	<u>7,608,918</u>	<u>(75,628,288)</u>
Cash flows from investing activities		
Musharaka arrangements	10,805,770	12,859,935
Mudaraba arrangements	8,714,000	(5,712,000)
Advances against murabaha and musharaka	(10,850,000)	17,040,000
Capital expenditure including capital work-in-progress	(2,252,664)	(980,917)
Proceeds from sale of operating assets	16,082,820	2,855,030
Net cash used in investing activities	<u>22,499,926</u>	<u>26,062,048</u>
Cash flows from financing activities		
Musharaka financing - net	(56,074,500)	52,363,590
Profit distributed	(9,301,297)	(8,697,139)
Net cash generated from / (used in) financing activities	<u>(65,375,797)</u>	<u>43,666,451</u>
Net increase in cash and cash equivalents	<u>(35,266,953)</u>	<u>(5,899,789)</u>
Cash and cash equivalents at beginning of the year	<u>45,581,132</u>	<u>51,480,921</u>
Cash and cash equivalents at end of the year	<u>10,314,179</u>	<u>45,581,132</u>

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

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2017**

	Certificate capital	Reserves		Total	
		Capital reserve	Revenue reserves		
	Issued, subscribed and paid-up	Merger reserve	Statutory reserve	Unappropriated profit	
	----- (Rupees) -----				
Balance as at July 01, 2015	119,899,298	1,935,160	56,174,594	28,405,773	206,414,825
Profit distribution for the year ended June 30, 2015 @ Rs.0.80 per certificate	-	-	-	(9,591,944)	(9,591,944)
Issuance of Bonus certificates @ 15%	17,984,895	-	(17,984,895)	-	-
Profit for the period	-	-	-	13,040,109	13,040,109
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,040,109	13,040,109
Balance as at June 30, 2016	137,884,193	1,935,160	38,189,699	31,853,938	209,862,990
Profit distribution for the year ended June 30, 2016 @ Rs.0.75 per certificate	-	-	-	(10,341,314)	(10,341,314)
Profit for the period	-	-	-	9,586,534	9,586,534
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,586,534	9,586,534
Balance as at March 31, 2017	137,884,193	1,935,160	38,189,699	31,099,158	209,108,210

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF PERIOD ENDED MARCH 31, 2017**

1. LEGAL STATUS AND OPERATIONS

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. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities include deployment of funds on murabaha and musharaka arrangements and its in-house venture are (A) Generator rental and sale project under the name "AL-BURQ Associates", (B) Electrical and IT infrastructure related services, including development & maintenance of data centers as "FPM Solutions", (C) Chemical business under the name of "FPM Petro Services" and (D) IT infrastructure data center designs, business continuity, support for management/HR/financial and market research, preparations for audit / compliance and certifications and technical and management trainings under the name of "FPM Consulting".

2. BASIS OF PREPARATION

2.1 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, 2016.

2.2 Functional and presentation currency

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.

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 revised standards, amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Modaraba believes that such improvements to the standards do not have any impact on the Modaraba's financial statements for the period.

4. ACCOUNTING ESTIMATES

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation and uncertainty are the same as those that apply to the financial statements for the year ended June 30, 2016.

5. 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, 2016.

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
Note	----- (Rupees) -----	
6 OPERATING FIXED ASSETS		
Tangible fixed assets	23,110,814	33,016,360
Capital work-in-progress - advance to suppliers	658,000	78,000
Intangible assets	<u>1,001,704</u>	<u>1,057,803</u>
	<u>24,770,518</u>	<u>34,152,163</u>
6.1 Cost		
Opening balance	45,179,925	72,127,860
Additions / (disposals) - net	<u>(13,030,576)</u>	<u>(4,962,836)</u>
	32,149,349	67,165,024
Accumulated depreciation		
Opening balance	<u>12,163,566</u>	<u>12,790,145</u>
For the period - net of disposal	<u>(3,125,031)</u>	<u>241,483</u>
	9,038,535	13,031,628
Written down value	<u>23,110,814</u>	<u>54,133,396</u>
7. LONG-TERM MURABAHA FINANCING - secured		
Considered good - secured	140,354,336	168,648,280
Considered doubtful	<u>2,672,072</u>	<u>2,565,731</u>
	143,026,408	171,214,011
Provision for doubtful recoveries	<u>(2,672,072)</u>	<u>(2,565,731)</u>
	140,354,336	168,648,280
Current portion of long-term murabaha financing	<u>(92,702,874)</u>	<u>(111,180,020)</u>
	<u>47,651,462</u>	<u>57,468,260</u>
8. LONG-TERM DIMINISHING MUSHARAKA FINANCING - secured		
Considered good - secured	11,823,483	10,458,646
Current portion of long-term diminishing musharaka financing	<u>(5,809,418)</u>	<u>(5,138,811)</u>
	<u>6,014,065</u>	<u>5,319,835</u>
9. SHORT-TERM MURABAHA RECEIVABLE		
Considered good - secured	<u>23,491,565</u>	<u>32,922,950</u>
10. MUSHARAKA FINANCING - secured		
Musharaka for garments	16,551,827	17,163,597
Musharaka for fabric	-	694,000
Musharaka for food product	12,000,000	12,000,000
Musharaka for printing	-	3,000,000
Musharaka for school's stationery	3,000,000	-
Musharaka for Books	10,500,000	-
Musharaka for dry fruits, spices and herbs	-	20,000,000
	<u>42,051,827</u>	<u>52,857,597</u>
Current portion of long-term musharaka financing	<u>(16,551,827)</u>	<u>(37,857,597)</u>
	<u>25,500,000</u>	<u>15,000,000</u>

----- (Unaudited) -----

Nine months period ended		Three months period ended		
31 March	31 March	31 March	31 March	
2017	2016	2017	2016	
----- (Rupees) -----				
11. OPERATING INCOME				
Profit on murabaha receivables	20,413,963	20,299,144	6,749,201	5,795,559
Profit on diminishing musharaka	1,154,779	2,704,291	452,944	636,838
Profit on musharaka projects	1,339,844	6,953,994	1,195,222	3,736,564
Profit on modaraba projects	1,139,200	-	450,000	-
Income from dry batteries modaraba	1,668,260	7,722,012	287,200	1,064,976
Rental income	699,135	4,179,148	-	902,600
Income from weaving project	-	4,657,980	-	1,645,111
Income from FPM solution project	15,061,694	22,278,633	5,972,594	2,110,803
Income from FPM Petro services project	118,218,651	17,037,440	52,622,366	10,052,190
	<u>159,695,526</u>	<u>85,832,642</u>	<u>67,729,527</u>	<u>25,944,641</u>

12. OTHER INCOME - NET

Profit on bank deposits	721,852	905,798	132,026	310,811
Income on short term placements	-	302,465	-	-
Modaraba's management fee	-	36,684	-	8,866
Trading commission	-	121,957	-	121,957
Reversal of Advance Tax charged as expense	5,905,050	-	-	-
Other income	796,599	7,591,548	19,000	7,444,493
	<u>7,423,501</u>	<u>8,958,452</u>	<u>151,026</u>	<u>7,886,127</u>

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 24th April 2017 by the Board of Directors of the Modaraba Management Company.

Chief Executive

Director

Director

BOOK POST
Printed Matter

Under Postal Certificate

First Paramount Modaraba
(An Islamic Financial Institution)

REGISTERED OFFICE








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