

Quarterly Report

for the period ended
September 30, 2014 (Un-Audited)

First Paramount Modaraba

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

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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First Paramount Modaraba

(An Islamic Financial Institution)

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.

First Paramount Modaraba

(An Islamic Financial Institution)

Corporate Information

MODARABA COMPANY **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 Ghaffar Umer	Director
Mr. Abdul Razzak Jandga	Director
Mr. Nadeem Iqbal	Independent Director
Mr. Humayun Mazhar Qureshi	Director
Mr. Khalid Mukashi	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. Naseemuddin Zubairi

Shariah Advisor

Mufti Muhammad Najeeb Khan

Credit Rating

Long term **BBB**
Short Term **A-3**
Out Look **Stable**

First Paramount Modaraba

(An Islamic Financial Institution)

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Ltd, the Management Company of First Paramount Modaraba, are pleased to present herewith the unaudited financial statements for the period ended on September 30, 2014.

Al-Hamdo Lillah, by the grace of Allah, our profit for the period under review remained at 3,384,996 (EPS: 0.37).

Performance Review:

The profit from operations for the period up to September 30, 2014, increased by 20.5%, as compare to the profits for the same period last year. This is attributed primarily to the recovery of past due amounts against morabaha, that were recovered during the period and corresponding income has been accounted for.

Management of modaraba has continued its efforts to revitalize its unproductive assets, which will positively impact overall profitability of the Modaraba.

Acknowledgement:

The Management and the Board of Director hereby recognize the continual patronage and cooperation of the regualators, especially of the Registrar Modarabas, Securities Exchange Commission of Pakistan, Islamabad, and State Bank of Pakistan.

We Also appreciate hard work and dedication of our staff members.

Karachi

Date: October 28, 2014

Syed Wajih Hassan
Chief Executive Officer

First Paramount Modaraba
(An Islamic Financial Institution)

**BALANCE SHEET - UN-AUDITED
AS AT SEPTEMBER 30, 2014**

		Sep 30, 2014	June 30, 2014
	Note	----- (Rupees) -----	-----
ASSETS			
Non - current assets			
Operating fixed assets	3	52,889,968	60,188,077
Long term portion of murabaha receivables	4	55,027,854	52,761,308
Long term portion of diminishing musharaka financing		10,237,645	13,620,283
Long Term Mushrikah Investment		27,158,000	10,044,000
Loans to employees		341,669	266,668
Long term deposits		205,428	205,428
Total non-current assets		<u>145,860,564</u>	<u>137,085,764</u>
Current assets			
Current portion of musharaka financing		13,131,593	15,618,686
Cash and bank balances		59,930,081	41,631,483
Current portion of long term murabaha receivables	4	72,027,917	69,072,116
Current portion of long term diminishing musharaka financing		13,530,546	13,530,546
Current portion of loan to employees		100,000	100,000
Short term murabaha receivables	5	5,492,552	17,892,380
Advances against murabaha and musharaka		21,285,080	14,400,080
Stores and spares		2,503,420	1,546,792
Trade debts		3,659,527	3,275,075
Receivable from Modaraba's management company - a related party		-	11,652
Accrued profit		1,306,356	626,723
Advances, deposit, prepayments and other receivables	6	12,666,685	11,570,550
Total current assets		<u>205,633,757</u>	<u>189,276,083</u>
TOTAL ASSETS		<u><u>351,494,321</u></u>	<u><u>326,361,847</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital			
Authorised			
25,000,000 (June 30, 2013: 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		23,667,835	31,182,775
Total certificate holders' equity		<u>171,977,085</u>	<u>179,492,025</u>
LIABILITIES			
Non current liabilities			
Deferred income		8,048,442	8,302,276
Certificates of musharaka	7	92,124,002	71,500,153
Total non current liabilities		<u>100,172,444</u>	<u>79,802,429</u>
Current liabilities			
Creditors, accrued and other liabilities		11,780,240	12,772,934
Current portion of certificates of musharaka	7	25,075,000	22,383,271
Current portion of deferred income		20,695,992	21,255,754
Payable to Modaraba's management company - a related party		432,533	-
Unclaimed profit distributions		21,361,027	10,655,434
Total current liabilities		<u>79,344,792</u>	<u>67,067,393</u>
TOTAL EQUITY AND LIABILITIES		<u><u>351,494,321</u></u>	<u><u>326,361,847</u></u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Director

First Paramount Modaraba

(An Islamic Financial Institution)

PROFIT AND LOSS ACCOUNT - UN-AUDITED FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Note	Sep 30, 2014 ----- (Rupees) -----	Sep 30, 2013 -----
Operating income	8.	14,583,594	12,410,451
Operating costs			
Operating expenses		9,143,064	8,094,224
Provision / Reversal for doubtful recoveries		(130,326)	(40,097)
		(9,012,738)	(8,054,127)
		<u>5,570,856</u>	<u>4,356,324</u>
Other income - net		16,783	164,045
		<u>5,587,639</u>	<u>4,520,369</u>
Financial charges		(1,680,311)	(1,277,364)
Provision for workers' welfare fund		(78,147)	(64,860)
		<u>3,829,181</u>	<u>3,178,145</u>
Modaraba company's management fee		(444,185)	(368,665)
Profit for the year		<u>3,384,996</u>	<u>2,809,480</u>
Earnings per certificate - basic and diluted		<u>0.37</u>	<u>0.37</u>

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Chief Executive

Director

Director

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CASH FLOW STATEMENT - UN-AUDITED FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Profit before tax	3,384,996	12,387,610
Adjustments for:		
Depreciation on tangible fixed assets	786,750	3,185,975
Amortisation on intangible assets	9,949	90,307
Provision for workers' welfare fund	78,147	285,982
Financial charges	1,680,311	6,445,625
Reversal of provision for doubtful recoveries	(130,326)	289,584
(Gain) / loss on sale of fixed assets - net	433,580	12,079
Operating profit before working capital changes	6,243,407	22,697,162
(Increase) / decrease in assets		
Murabaha receivables - net	7,357,667	(714,831)
Diminishing musharaka receivables - net	2,519,168	(4,720,476)
Stores and spares	(956,628)	(863,455)
Long term deposits	-	3,000
Trade debts	(384,452)	(2,015,654)
Receivable from Modaraba's management company - a related party	11,652	154,413
Advances, deposit, prepayments and other receivables	(1,850,678)	(10,094,576)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(1,070,841)	7,059,675
Payable to Modaraba Management Company	432,533	-
Net cash flows from operations	12,301,828	11,505,258
Financial charges paid	(1,680,311)	(6,445,625)
Net cash from operating activities	10,621,517	5,059,633
Cash flows from investing activities		
Musharaka arrangements	(14,626,907)	(18,220,382)
Advances against murabaha and musharaka	(6,885,000)	(13,737,080)
Capital expenditure including capital work in progress	(558,246)	(11,147,911)
Investment - net	-	2,053,047
Proceeds from sale of operating assets	6,626,000	232,849
Net cash (used in) investing activities	(15,444,153)	(40,819,477)
Musharaka financing - net	23,315,578	47,848,459
Profit distributed	(194,343)	(7,577,106)
Net cash (used in) / from financing activities	23,121,235	40,271,353
Net increase in cash and cash equivalents	18,298,599	4,511,509
Cash and cash equivalents at beginning of the year	41,631,482	37,119,973
Cash and cash equivalents at end of the year	59,930,081	41,631,482

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Director

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Reserves						Total equity
	Certificate capital	Merger reserve	Statutory reserve	Unrealised gain on revaluation of available for sale investment (Rupees)	Unappropriated profit	Total reserve	
Balance as at July 01, 2013	76,223,330	1,935,160	67,673,238	182,374	29,657,252	99,448,024	175,671,354
Transactions with owners recorded directly in equity:							
Profit distribution for the year ended June 30, 2013 @ Rs.1.10 per certificate	-	-	-	-	(8,384,565)	(8,384,565)	(8,384,565)
Issuance of Bonus certificates @ 10%	7,622,333	-	(7,622,333)	-	-	(7,622,333)	-
Total comprehensive income for the year							
Profit for the year	-	-	-	-	12,387,610	12,387,610	12,387,610
Other comprehensive income							
Unrealised gain on revaluation of available-for-sale investments	-	-	-	(182,374)	-	(182,374)	(182,374)
	-	-	-	(182,374)	12,387,610	12,205,236	12,205,236
Transferred to statutory reserve @ 50%	-	-	2,477,522	-	(2,477,522)	-	-
Balance as at June 30, 2014	83,845,663	1,935,160	62,528,427	-	31,182,775	95,646,362	179,492,025
Transactions with owners recorded directly in equity:							
Profit distribution for the year ended June 30, 2014 @ Rs.1.30 per certificate	-	-	-	-	(10,899,936)	(10,899,936)	(10,899,936)
Issuance of Bonus certificates @ 10%	8,384,566	-	(8,384,566)	-	-	(8,384,566)	-
Total comprehensive income for the year							
Profit for the Period	-	-	-	-	3,384,996	3,384,996	3,384,996
	-	-	-	-	3,384,996	3,384,996	3,384,996
	-	-	-	-	-	-	-
Balance as at September 30, 2014	92,230,229	1,935,160	54,143,861	-	23,667,835	79,746,856	171,977,085

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Director

First Paramount Modaraba

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NOTES TO THE INTERIM FINANCIAL INFORMATION - UN-AUDITED FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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 Karachi and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities include generator rental and sale project under the name "AL-BURQ Associates" (formerly known as Advance Trading Corporation), weaving project under the name of FPM Weaving and deployment of funds through diminishing musharaka, murabaha and musharaka arrangements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board and Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Ordinance, 1984, provisions of and directives issued under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Companies Ordinance, 1984. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 shall prevail.

The SECP, special compliance division, vide circular no. 10 of 2004 dated February 13, 2004 deferred the application of IAS 17 "Leases" to Modaraba till further orders.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IAS-39 "Financial Instruments: Recognition and Measurement", wherever applicable.

Permissible Islamic financial products including murabaha and musharaka have been used by the Modaraba. In line with the similar industry practices, the accounting and presentation of the same are in line with the substance of the transaction and their accounting is limited to the extent of actual amount of facility utilized and mutually agreed profit thereon. Accordingly, purchases, sales and musharaka profits / reserves are not reflected in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Modaraba's functional currency. All financial information presented in Pakistan Rupees have been rounded to the nearest rupees, except otherwise stated.

3. OPERATING FIXED ASSETS

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Tangible fixed assets	51,607,167	59,165,916
Capital work in progress - Advance to suppliers	988,324	639,647
Intangible assets	122,698	210,715
Generator marked for sale	171,799	171,799
	<u>52,889,988</u>	<u>60,188,077</u>

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3.1. ADDITION & DELETION MADE DURING THE PERIOD:

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Addition during the period		
Machinery - Generator	-	8,153,722
Shuttleless looms	-	1,914,079
Office Equipment	40,350	460,564
Computer	119,884	165,393
Furniture & Fixture	-	146,662
Vehicles	49,335	232,433
	209,569	11,072,853
Deletion during the period		
Machinery - Generator	10,017,360	-
	10,017,360	-

4. LONG TERM PORTION OF MURABAHA RECEIVABLES - secured

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Considered good	127,055,771	121,833,424
Considered doubtful	2,642,527	2,954,388
	129,698,298	124,787,812
Provision for doubtful recoveries	(2,642,527)	(2,954,388)
	127,055,771	121,833,424
Current portion of long term murabaha receivables	(72,027,917)	(69,072,116)
	55,027,854	52,761,308

5. SHORT TERM MURABAHA RECEIVABLES - secured

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Considered good	5,492,552	17,892,380
Considered doubtful	-	31,294
	5,492,552	17,923,674
Provision for doubtful recoveries	-	(31,294)
	5,492,552	17,892,380

6. ADVANCES, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Advance against expenses	1,790,849	2,955,395
Advance salaries	56,238	10,003
Advance income tax	571,573	378,684
Advance given to weaving project	2,707,637	3,257,637
Advance given to FPM Solution project	2,399,235	2,844,101
Security deposit	41,672	41,672
Prepayments	5,012,398	2,010,305
Other receivables	87,084	72,753
	12,666,686	11,570,550

7. CERTIFICATES OF MUSHARAKA

	Sept 30, 2014	June 30, 2014
	----- (Rupees) -----	
Certificate of Musharaka	117,199,002	93,883,424
Less: Current portion	(25,075,000)	(22,383,271)
	92,124,002	71,500,153

First Paramount Modaraba

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	Sept 30, 2014	Sept 30, 2013
	----- (Rupees) -----	
8. OPERATING INCOME		
Profit on murabaha receivables	5,638,833	6,270,607
Profit on diminishing musharaka	1,191,171	834,741
Profit on musharika projects	1,008,863	-
Trading Income	1,014,730	-
8.1 Rental income	3,051,259	3,365,900
8.2 Income from weaving project	2,008,638	1,939,203
8.3 Income from FPM Solution	670,100	-
	<u>14,583,594</u>	<u>12,410,451</u>

8.1 This represents income generated from rental business of ATC unit of FPM representing Modaraba's share of 52.09 percent.

8.2 This represents income generated from weaving business of FPM Weaving representing Modaraba's share of 55 percent.

8.3 This represents income generated from Project Power solution business of FPM Solutions representing Modaraba's share.

9. TAXATION

As per the current Tax Law, income of non-trading modarabas is exempt from income tax provided that they distribute ninety percent profit to certificate holders out of current year's total profit after appropriating statutory reserves. As the management intends to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in this condensed interim financial information.

10. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on October 28th 2014.

Chief Executive

Director

Director

BOOK POST
Printed Matter

Under Postal Certificate

First Paramount Modaraba
(An Islamic Financial Institution)

REGISTERED OFFICE

Suite#: 107-108, 1st Floor, P.E.C.H.S. Community Office Complex,
Block-2, P.E.C.H.S. Shakra-e-Quaideen, Karachi.
Ph: 34381037 - 38 - 52, Fax: 34534410,
Email: fpm@cyber.net.pk
Web: www.fpm.com.pk