

Quarterly Report

for the period ended
September 30, 2015 (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 - Positive
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. 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 30th September, 2015 and Shari'ah Advisor's report thereon.

Al-Hamdolillah, Modaraba is progressing well, Overall revenues have increased significantly i.e 74% as compared to the revenues of the same period last year. Modaraba has posted a profit of PKR 3,219,891/= (EPS = 0.27) for the 1st Quarter ended on 30th September, 2015, which is slightly less than last years' results for the same period (PKR 3,384,996/=). Net profits for the period are less than the expectations because of increased Financial Costs and Advertising related Expenses. However, Modaraba has adjusted the return on Certificate of Musharaka (COM) due to lower past quarter's profits, which will positively affect the profitability of Modaraba in the coming quarters.

Management's plan to enhance its asset base by

- a) employing funds through the issue of "Certificate of Musharika" and
- b) further issue of Share Capital – Right Issue,

The tentative process of 3rd Right Shares Issue would be started in early fiscal year subject to SECP approval and will not only bring funds to the Modaraba but also broaden its Equity Base – an essential to exploit fixed costs of Modaraba to the optimum.

Future Outlook:

Based on the results of the quarter, Management of Modaraba is optimistic that Modaraba's results for the financial year 2015-16 shall Insh-Allah be better than the results of the past financial year.

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: October 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 September 30th 2015, in accordance with the requirements as reported hereunder, in my opinion:

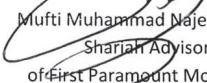
1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. Following were the major developments that took place during the year:
 - (A) Research and new product development (Brief on the research and new product development, if applicable)
 - (B) Training and Development
 - i) During the period one of the Director of FPM attended "**Mudarabah Theory and Practice**" - Certificate Courses conducted by International Islamic University Islamabad at International Institute of Islamic Economics, IIU, Islamabad.
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: October 20th 2015.


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

**FIRST PARAMOUNT MODARABA
BALANCE SHEET - UN-AUDITED
AS AT SEPTEMBER 30, 2015**

	Note	Sep 30, 2015	June 30, 2015
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	3	55,352,017	55,644,542
Long-term murabaha financing	4	54,166,209	44,861,168
Long-term diminishing musharaka financing		6,529,949	7,102,591
Long-term musharaka financing		70,784,000	67,158,000
Loans to employees		356,677	265,676
Long-term deposits		615,600	564,600
Total non-current assets		187,804,452	175,596,577
CURRENT ASSETS			
Investment classified as 'available-for-sale'		20,000,000	-
Current portion of musharaka financing		16,082,522	18,173,532
Cash and bank balances		20,578,361	51,480,921
Current portion of long-term murabaha financing	4	86,191,351	75,618,533
Current portion of long-term diminishing musharaka financing		13,992,864	15,220,414
Current portion of loans to employees		279,996	231,996
Short-term murabaha receivables	5	45,608,062	50,523,189
Advances against murabaha and musharaka		29,404,580	21,000,080
Stores and spares		4,282,840	1,660,585
Trade debts		27,066,699	18,473,752
Receivable from Modaraba's management company - a related party		-	-
Accrued profit		52,434	53,591
Advances, deposits, prepayments and other receivables	6	14,227,412	10,618,569
Advance income tax		1,362,796	1,199,769
Total current assets		279,129,917	264,254,931
TOTAL ASSETS		466,934,369	439,851,508
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital			
Authorised			
25,000,000 (June 30, 2014: 25,000,000) certificates of Rs.10 each		250,000,000	250,000,000
Issued, subscribed and paid-up		119,899,298	119,899,298
Capital reserves		58,109,754	58,109,754
Unappropriated profit		22,033,720	28,405,773
Total certificate holders' equity		200,042,772	206,414,825
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		9,860,893	9,043,095
Certificates of musharaka	7	154,154,985	135,668,787
Total non current liabilities		164,015,878	144,711,882
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		17,176,067	17,489,004
Current portion of certificates of musharaka	7	45,114,644	39,708,629
Current portion of deferred income		18,615,736	18,635,914
Payable to Modaraba's management company - a related party		622,201	1,107,751
Unclaimed profit distributions		21,347,072	11,783,503
Total current liabilities		102,875,720	88,724,801
TOTAL EQUITY AND LIABILITIES		466,934,369	439,851,508
CONTINGENCIES AND COMMITMENTS			

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

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
PROFIT AND LOSS ACCOUNT - UN-AUDITED
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Sep 30, 2015	Sep 30, 2014
Note	----- (Rupees) -----	
Operating income	8 25,481,126	14,583,594
Operating costs		
Operating expenses	19,228,742	9,143,064
Loss on sale of fixed assets - net	-	-
Provision for doubtful recoveries	(49,999)	(130,326)
	(19,178,743)	(9,012,738)
	6,302,383	5,570,856
Other income - net	1,938,362	16,783
	8,240,745	5,587,639
Financial charges	(4,528,200)	(1,680,311)
Provision for workers' welfare fund	(74,251)	(78,147)
	3,638,294	3,829,181
Modaraba company's management fee	(418,404)	(444,185)
Profit before tax	3,219,891	3,384,996
Taxation	-	-
Profit for the year	3,219,891	3,384,996
Earnings per certificate - basic and diluted	0.27	0.37

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

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT - UN-AUDITED
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

Note	Sep 30, 2015	June 30, 2015
	----- (Rupees) -----	
Profit before tax	3,219,891	10,153,667
Adjustments for:		
Depreciation on tangible fixed assets	907,209	3,328,625
Amortisation on intangible assets	113,333	174,751
Provision for Workers' Welfare Fund	74,251	234,144
Financial charges	4,528,200	13,210,357
Provision for doubtful debts	(49,999)	262,661
Loss on sale of fixed assets - net	-	510,040
Operating profit before working capital changes	<u>8,792,884</u>	<u>27,874,245</u>
(Increase) / decrease in assets		
Murabaha receivables - net	(13,631,453)	(31,156,019)
Diminishing musharaka receivables - net	1,316,532	2,565,075
Stores and spares	(2,622,255)	(113,793)
Long-term deposits	(51,000)	(359,172)
Trade debts	(8,592,947)	(14,773,696)
Receivable from Modaraba's management company - a related party	-	11,652
Advances, deposit, prepayments and other receivables	(3,746,547)	(4,703,765)
Advance income tax	(163,027)	(821,085)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(387,188)	9,776,135
Payable to Modaraba Management Company	(485,550)	1,107,751
Net cash flows from operations	<u>(19,570,551)</u>	<u>(10,592,672)</u>
Financial charges paid	<u>(4,528,200)</u>	<u>(13,210,357)</u>
Net cash used in / generated from operating activities	<u>(24,098,751)</u>	<u>(23,803,029)</u>
Cash flows from investing activities		
Musharaka arrangements	(1,534,990)	(59,668,846)
Advances against murabaha and musharaka	(8,404,500)	(6,600,000)
Capital expenditure including capital work-in-progress	(728,157)	(7,649,337)
Investments - net	(20,000,000)	-
Proceeds from sale of operating assets	-	8,179,456
Net cash used in investing activities	<u>(30,667,647)</u>	<u>(65,738,727)</u>
Cash flows from financing activities		
Musharaka financing - net	23,892,213	81,493,992
Proceeds from right issue	-	27,669,069
Profit distributed	(28,375)	(9,771,867)
Net cash generated from / (used in) financing activities	<u>23,863,838</u>	<u>99,391,194</u>
Net increase in cash and cash equivalents	<u>(30,902,560)</u>	<u>9,849,438</u>
Cash and cash equivalents at beginning of the year	<u>51,480,921</u>	<u>41,631,483</u>
Cash and cash equivalents at end of the year	<u><u>20,578,361</u></u>	<u><u>51,480,921</u></u>

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

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Reserves					Total equity
	Certificate capital	Merger reserve	Statutory reserve	Unappropriated profit	Total reserve	
	(Rupees)					
Balance as at July 01, 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 right certificate of Rs. 10 each	27,669,069					27,669,069
Issuance of Bonus certificate @ 10%	8,384,566	-	(8,384,566)	-	(8,384,566)	-
Total comprehensive income for the year						
Profit for the year	-	-	-	10,153,667	10,153,667	10,153,667
Other comprehensive income						
Unrealized gain on revaluation of available-for-sale investments	-	-	-	-	-	-
	-	-	-	10,153,667	10,153,667	10,153,667
Transferred to statutory reserve @ 20%	-	-	2,030,733	(2,030,733)	-	-
Balance as at June 30, 2015	119,899,298	1,935,160	56,174,594	28,405,773	86,515,527	206,414,825
Transactions with owners recorded directly in equity:						
Profit distribution for the year ended June 30, 2015 @ Rs.0.80 per certificate	-	-	-	(9,591,944)	(9,591,944)	(9,591,944)
Issuance of right certificate of Rs.10 each						
Total comprehensive income for the year						
Profit for the period	-	-	-	3,219,891	3,219,891	3,219,891
Other comprehensive income						
	-	-	-	3,219,891	3,219,891	3,219,891
	-	-	-			
Balance as at September 30, 2015	119,899,298	1,935,160	56,174,594	22,033,720	80,143,474	200,042,772

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

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

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 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) Weaving business under the name of "FPM Weaving" (C) Electrical maintenance and troubleshooting services' business under the name of "FPM Solutions" and (D) Chemical business under the name of "FPM Petro Services".

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 (IFAS) 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 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 Islamic Financial Accounting Standards (IFAS) or the directives issued by the SECP 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 Modarabas till further orders.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

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 has been rounded to the nearest rupees, except otherwise stated.

Note	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
3. OPERATING FIXED ASSETS		
Tangible fixed assets	53,954,243	54,133,396
Capital work in progress - Advance to suppliers	-	-
Intangible assets	1,397,774	1,511,146
Generator marked for sale	-	-
	<u>55,352,017</u>	<u>55,644,542</u>

	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
3.1. ADDITION & DELETION MADE DURING THE PERIOD		
Addition during the period		
Office Equipment	-	40,350
Computer	38,500	119,884
Vehicle	689,657	49,335
	<u>728,157</u>	<u>209,569</u>
	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
4. LONG-TERM MURABAHA FINANCING - secured		
Considered good	140,357,560	120,479,701
Considered doubtful	<u>2,985,515</u>	<u>3,035,514</u>
	143,343,075	123,515,215
Provision for doubtful recoveries	<u>(2,985,515)</u>	<u>(3,035,514)</u>
	140,357,560	120,479,701
Current portion of long-term murabaha financing	<u>(86,191,351)</u>	<u>(75,618,533)</u>
	<u>54,166,209</u>	<u>44,861,168</u>
	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
5. SHORT-TERM MURABAHA RECEIVABLES - secured		
Considered good	45,608,062	50,523,189
Considered doubtful	-	-
	<u>45,608,062</u>	<u>50,523,189</u>
Provision for doubtful recoveries	-	-
	<u>45,608,062</u>	<u>50,523,189</u>
	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
6. ADVANCES AGAINST MURABAHA AND MUSHARAKA - secured		
Against murabaha	16,404,580	18,500,080
Against diminishing musharaka		2,000,000
Against modaraba	500,000	500,000
Against musharaka	<u>12,500,000</u>	-
	<u>29,404,580</u>	<u>21,000,080</u>
	Sept 30, 2015	June 30, 2015
	----- (Rupees) -----	
7. CERTIFICATES OF MUSHARAKA		
Certificates of Musharaka	199,269,629	175,377,416
Less: Current portion	<u>(45,114,644)</u>	<u>(39,708,629)</u>
	<u>154,154,985</u>	<u>135,668,787</u>

	Note	Sept 30, 2015	Sept 30, 2014
		----- (Rupees) -----	
8. OPERATING INCOME			
Profit on murabaha receivables		7,844,331	5,638,833
Profit on diminishing musharaka		1,172,503	1,191,171
Profit on musharaka projects		7,427,958	1,008,863
Income from dry batteries modaraba		-	1,014,730
Rental income	8.1	2,647,648	3,051,259
Income from weaving project	8.2	1,469,538	2,008,638
Income from FPM Solutions	8.3	1,493,398	670,100
Income from FPM Petro Income	8.4	3,425,750	-
		<u>25,481,126</u>	<u>14,583,594</u>

8.1 This represents income generated from rental business of AL-BURQ Associates representing Modaraba's share of 52.09%.

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

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

8.4 This represents income generated from chemical business of FPM Petro Services representing Modaraba's share of 60%.

9. Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than ninety percent of their profits are distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and those used for taxation purposes. However, deferred tax liability has not been provided in these accounts as the management believes that the timing differences will not reverse in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of ninety percent of distributable profit.

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 28, 2015

BOOK POST
Printed Matter

Under Postal Certificate

First Paramount Modaraba
(An Islamic Financial Institution)

REGISTERED OFFICE

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