

Quarterly Report

for the period ended
March 31, 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 Company**

First Shariah Certified Modaraba

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. Ahmed Kassam Parekh	Director
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

Audit Committee

Mr. Nadeem Iqbal	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Ahmed Kassam Parekh	Member

Human Resource Committee

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Ahmed Kassam Parekh	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

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DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Limited, the Management Company of First Paramount Modaraba, are pleased to present herewith the unaudited financial statements for the period ended on March 31st 2014.

Al-Hamdo Lillah, by the Grace of Allah, our profit for the period under review remained to Rs.11,248,671/- or Rs. 1.34 EPS.

Performance Operations:

The profit from operations for the period up to March 31st 2014 declined by about 12.91 % or by Rs.1,667,724/- as compared to profits for the same period last year .This is attributed primarily to the reduced profit rate regime compared to last year ,and Musharaka projects coming into profits in the later part of the period.

Musharaka Project (s):

Almost all the Musharaka projects are now in profit. Collectively, these projects will, Insha Allah, make a significant contribution on the overall profitability of the Modaraba. Projects in pipeline will further diversify investment base of Modaraba portfolio.

Future Outlook:

For the year profitability of the Modaraba will, Insha Allah, be close to last year , owes largely to better performance of Musharaka projects and increased investment in Murabaha finance.

Acknowledgement:

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

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

For and on behalf of Board of Directors of
Paramount Investments Limited (PIL)
Managers of First Paramount Modaraba

Karachi.

Date: April 30, 2014

Syed Wajih Hassan
Chief Executive Officer

First Paramount Modaraba

(An Islamic Financial Institution^{Note})

First Paramount Modaraba Balance Sheet (Unaudited)

for the Period ended March 31, 2014

ASSETS	<i>Note</i>	31 March 2014	30 June 2013
NON - CURRENT ASSETS			
Property, plant and equipment	5	60,664,008	52,561,369
Long term portion of murabaha receivable	6	44,446,922	38,198,313
Long term portion of diminishing musharika financing	7	6,727,193	14,800,000
Long Term Mushrikah Investment	9	12,000,000	-
Long term deposit		<u>10,428</u>	<u>13,428</u>
		123,848,550	105,573,110
CURRENT ASSETS			
Investment classified as available for sale		-	2,235,421
Cash and bank balances		14,139,461	37,119,973
Current portion of long term murabaha receivable		89,294,612	87,348,371
Current portion of long term diminishing musharika financing		7,878,500	7,400,000
Short term murabaha receivable	8	19,218,495	14,398,701
Short Term Mushrikah Investment.	9.1	15,068,790	7,442,304
Advances against morabaha		10,115,080	663,000
Stores and spares		794,861	683,337
Trade debtors		3,375,951	1,023,974
Accrued Profit		34,368	-
Receivable from Modaraba Management Company - a related party		161,105	166,065
Advances, prepayments and other receivables		<u>11,286,796</u>	<u>2,899,812</u>
		171,368,019	161,380,958
TOTAL ASSETS		Rupees: 295,216,569	266,954,068
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	Rupees:	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up		83,845,663	76,223,330
Capital reserves		61,986,065	69,608,398
Unrealised gain on revaluation of available for sale Investment		-	182,374
Unappropriated profit		<u>32,521,358</u>	<u>29,657,252</u>
		178,353,086	175,671,354
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred income		<u>23,940,328</u>	<u>28,912,638</u>
Certificates of musharaka		<u>51,900,000</u>	<u>35,237,144</u>
		75,840,328	64,149,782
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		<u>14,131,241</u>	<u>5,959,455</u>
Certificates of musharaka		15,095,000	10,265,643
Deferred income		1,023,146	1,059,860
Unclaimed profit distribution		<u>10,773,769</u>	<u>9,847,974</u>
		41,023,156	27,132,932
TOTAL EQUITY AND LIABILITIES		Rupees: 295,216,569	266,954,068

The annexed notes 1 to 12 form an integral part of these financial statements

Chief Executive Officer

Director

Director

First Paramount Modaraba

(An Islamic Financial Institution)

First Paramount Modaraba Profit and Loss Account (Unaudited) for the Period ended March 31, 2014

	Note	<i>Nine months period ended</i>		<i>Three months period ended</i>	
		July-March 2014	July-March 2013	Jan-March 2014	Jan-March 2013
Operating income	10	40,879,089	31,766,433	14,033,424	10,604,922
Operating costs					
(Provision) reversal for doubtful recoveries		297,066	(368,499)	60,497	(106,472)
Operating expenses		25,480,486	16,784,942	8,300,934	6,270,465
		(25,777,552)	(16,416,443)	(8,361,431)	(6,163,993)
		15,101,537	15,349,990	5,671,992	4,440,929
Other income	11	1,337,831	4,314,569	402,565	1,288,173
		16,439,368	19,664,559	6,074,558	5,729,102
Financial charges		(3,454,938)	(4,755,062)	(1,425,988)	(1,611,313)
Provision for worker's welfare fund		(259,689)	(298,190)	(92,971)	(82,356)
		12,724,741	14,611,307	4,555,598	4,035,433
Modaraba company's management fee		(1,476,070)	(1,694,912)	(528,449)	(468,110)
Profit for the period	Rupees:	11,248,671	12,916,395	4,027,149	3,567,323
Earnings per certificate	Rupees:	1.34	1.82	0.39	0.39

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Chief Executive Officer

Director

Director

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First Paramount Modaraba Cash Flow Statement (Unaudited) for the Period ended March 31, 2014

	31 March 2014	30 June 2013
Profit for the year	11,248,671	16,411,422
Adjustments for:		
Depreciation on tangible fixed assets	2,288,466	3,575,201
Depreciation on intangible assets	42,637	81,212
Impairment on Generator marked for sale	(78,881)	78,881
Provision for worker's welfare fund	259,689	378,877
Provision for doubtful recoveries	297,066	(746,393)
Financial charges	3,454,938	5,337,853
Gain / Loss on sale of assets in own use	12,079	(492,860)
Operating profit before working capital changes	17,524,665	24,624,193
<i>(Increase) / decrease in assets</i>		
- Stores and spares	(111,524)	(142,087)
- Trade debtors	(2,351,977)	(1,023,974)
- Accrued Profit	(34,368)	-
- Receivable from Modaraba's management company - a related party	4,960	(166,065)
- Advances, prepayments and other receivable	(8,567,777)	(1,704,132)
<i>Increase / (decrease) in liabilities</i>		
- Creditors, accrued and other liabilities	8,171,786	884,299
- Payable to Modaraba Management Company.	-	(2,547,259)
Net cash from operations	14,635,765	19,924,975
Income tax paid		
Financial charges paid	(3,454,938)	(5,337,853)
Net cash (used in) / from operating activities	11,180,827	14,587,122
	-	
Cash flows from investing activities		
Murabaha receivable - net	(18,320,734)	21,722,066
Diminishing musharakah receivable - net	7,594,307	3,585,126
Musharaka arrangements	(19,626,486)	(7,442,304)
Advance against murabaha	(9,452,080)	21,023,000
Long term deposits	3,000	(6,000)
Capital expenditure including capital work in progress	(10,678,678)	(26,422,066)
Investment - net	2,053,047	(53,047)
Sale proceeds of assets in own use	232,842	2,317,020
Net cash from investing activities	(48,194,781)	14,723,795
Cash flows from financing activities		
Musharaka financing - net	21,492,213	(17,962,951)
Proceeds from right issue	-	17,590,000
Profit distributed	(7,458,771)	(10,771,602)
Net cash used in financing activities	14,033,442	(11,144,553)
Net (decrease) / increase in cash and cash equivalents	(22,980,512)	18,166,364
Cash and cash equivalents at beginning of the year	37,119,973	18,953,609
Cash and cash equivalents at end of the Quarter	Rupees: <u>14,139,461</u>	<u>37,119,973</u>

The annexed notes 1 to 12 form an integral part of these financial statements

Chief Executive Officer

Director

Director

First Paramount Modaraba

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First Paramount Modaraba Statement of Changes in equity (Unaudited) for the Period ended March 31, 2014

	CAPITAL			REVENUE		Total
	Share Capital	Merger Reserve	Statutory Reserve	Un realised Gain on revaluation of available for sale instrument.	Un-appropriated Profit	
BALANCES AS AT JULY 1, 2012	58,633,330	1,935,160	59,467,527	4,392	33,764,541	153,804,949
Profit Distribution Declared for the year ended June 30 2012	-	-	-	-	(12,312,999)	(12,312,999)
Profit for the year ended June 30,2013	-	-	-	-	16,411,422	16,411,422
Transferred to Statutory Reserve	-	-	8,205,711	-	(8,205,711)	-
30% Right issue (R-1)	17,590,000	-	-	-	-	17,590,000
Unrealised gain on revaluation of available for sale Investment	-	-	-	177,982	-	177,982
BALANCES AS AT JUNE 30 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)	-	-	-
Total comprehensive income for the period ended March 31, 2014	-	-	-	-	11,248,671	11,248,671
Unrealised gain on revaluation of available for sale Investment	-	-	-	(182,374)	-	(182,374)
BALANCES AS AT MARCH 31, 2014	Rs: 83,845,663	1,935,160	60,050,905	-	32,521,358	178,353,086

The annexed notes 1 to 12 form an integral part of these financial statements

Chief Executive Officer

Director

Director

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First Paramount Modaraba

Notes to then Financial Statements

For the period ended March 31, 2014- (Unaudited)

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 its In-house ventures are, **(A)** Generator rental and sale project under the name "Advance Trading Corporation", **(B)** Weaving business under the name of "FPM Weaving" and **(C)** Electrical maintenance and troubleshooting services' business under the name of "FPM Solutions".

The financial statements are presented in Pakistan rupees, which is the Modaraba's functional presentation currency. Figures have been rounded off to the nearest rupee, otherwise stated.

2-STATEMENT OF COMPLIANCE

This condensed interim financial statements have 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 followed.

The condensed interim financial statements do 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, 2013.

3-SIGNIFICANT ACCOUNTING POLICIES

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

New, Amended and Revised Standards and Interpretations of IFRSs

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

IAS 19 – Employee Benefits – (Revised)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

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Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

Improvements to Accounting Standards Issued by the IASB

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements 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, 2013.

5. PLANT AND EQUIPMENT	Amount In Rupees	
	March 31 2014 (Unaudited)	June 30 2013 (Audited)
Plant and equipment	59,705,703	51,390,705
Capital Work in progress - Advance to suppliers	639,647	564,448
Intangible assets	146,859	189,496
Generator marked for sale	171,799	416,720
	Rupees: 60,664,008	52,561,369
5.1 Cost		
Opening balance	61,042,854	39,002,662
Addition / (disposal) - net	10,603,478	22,040,192
	Rupees: 71,646,332	61,042,854
Accumulated depreciation		
Opening balance	9,652,149	8,114,692
For the period - net of disposal	2,288,480	1,537,457
	11,940,629	9,652,149
Written down value	Rupees: 59,705,703	51,390,705

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6. LONG TERM MURABAHA RECEIVABLE - Secured

Considered good - secured	133,741,534	125,546,684
Considered doubtful - secured	2,956,931	2,683,081
	136,698,465	128,229,765
Provision for doubtful recoveries	(2,956,931)	(2,683,081)
	133,741,534	125,546,684
Receivable within one year shown under current assets	(89,294,612)	(87,348,371)
Rupees:	44,446,922	38,198,313

7. LONG TERM PORTION OF DIMINISHING MUSHARAKAH FINANCING - secured

Considered good	14,605,693	22,200,000
Current portion of long term diminishing musharika financing	(7,878,500)	(7,400,000)
	6,727,193	14,800,000

8. SHORT TERM MURABAHA RECEIVABLE

Considered good-secured	19,218,495	14,398,701
Considered doubtful - secured	36,233	121,774
	19,254,728	14,520,475
Provision for doubtful recoveries	(36,233)	(121,774)
Rupees:	19,218,495	14,398,701

9. LONG TERM MUSHARIKA FINANCES

Musharika for machinery	3,000,000	-
Musharika for food items	6,000,000	-
Musharika for printing	3,000,000	-
Rupees:	12,000,000	-

9.1 SHORT TERM MUSHARIKA FINANCES

Musharika for Garments	14,024,790	4,340,054
Musharika for fabric	1,044,000	1,800,000
Musharika for generator	-	1,302,250
	15,068,790	7,442,304

10. OPERATING INCOME

	Nine months period ended		Three months period ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----- (Unaudited) -----			
Profit on murabaha Receivable	18,302,713	18,964,846	5,892,965	6,278,990
Profit on diminishing musharaka	2,511,700	2,937,476	796,503	937,910
Rental income of modaraba			-	-
Income from Musharika Projects	1,176,807	-	547,663	-
Income from Generator Project	10,511,696	9,864,111	3,256,365	3,388,022
Income from Weaving Project	6,388,948	-	2,234,317	-
Income from Solution Project	1,987,225	-	1,305,611	-
Rupees:	40,879,089	31,766,433	14,033,424	10,604,922

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