

Quarterly Report

for the period ended
September 30, 2013 (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

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First Paramount Modaraba
(An Islamic Financial Institution)

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(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 the 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 First 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 the highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.



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Corporate Information

MODARABA COMPANY **Paramount Investments Limited**

BOARD OF DIRECTORS

MianTanveer Ahmed Magoon	Chairman
Mr. Abdul Ghaffar Umer	CEO
Mr. Ahmed Kassam Parekh	Director
Mr. Nadeem Iqbal	Director
Mr. Abdul Razzak Jangda	Director
Mr. Pir Mohammad A. Kalia	Director
Mr. Muhamad Khalid Mukashi	Director

AUDIT COMMITTEE

Mr. Pir Mohammad A. Kalia	Chairman
Mr. Ahmed Kassam Parekh	Member
Mr. Nadeem Iqbal	Member

HUMAN RESOURCE COMMITTEE

Mr. Tanveer Magoon	Chairman
Mr. Abdul Ghaffar Umer	CEO
Mr. Ahmed Kassam Parekh	Director
Mr. Nadeem Iqbal	Director

GENERAL MANAGER OPERATIONS

Mr. Syed Wajih Hassan

CHIEF FINANCIAL OFFICER

Naseemuddin Zubairi

SHARIAH ADVISOR OF MODARABA

Mufti Muhammad Najeeb Khan

CREDIT RATING

FOR LONG TERM 'BBB'
FOR SHORT TERM A-3
OUT LOOK - STABLE
BY JCR VIS CREDIT RATING COMPANY



First Paramount Modaraba

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DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

We are pleased to forward Quarterly Report of First Paramount Modaraba for the period ended 30th September, 2013.

Al-Hamdo Lillah, your Modaraba managed to earn profit of Rs.2.809 million during the quarter under review compared to the same quarter of the previous financial year of Rs.5,561,447 in spite of the following reasons :-

- a) Decline in rate of profit of our Morabaha facilities due to reduction in bench mark rate & KIBOR, since our customers also insisted to reduce our rate of profit margin.
- b) The Management remained highly conscious in approving new Morabaha facilities on account of uncertainty in pre-election's period and terrorism in the country due to which our volume of lending of Morabaha facilities mitigated. However, plans are now in hands to increase volume of Morabaha facilities also.
- c) Our Musharaka investment on various Musharaka projects increased up to Rs. 52.94 Million up to 30.09.2013 on which the profit generation would start in the 2nd quarter of this financial year and Insha Allah we anticipate better results in the months to come, since all the Musharaka projects are now operational.
- d) Our generator will also be Insha Allah generate rent income in the subsequent period which remained unemployed in this period and we lost rent revenue of Rs.883, 500/- of this generator compared to the previous financial period.

Future Prospects:

The over all performance and profitability of Modaraba are expected to be improved Insha Allah substantially due to now revenue generation of our Musharaka projects and higher volume of Morabaha facilities in the subsequent period of the financial year.



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In the end, as usual, the Board of Directors hereby pays our regards on the vital and viable coordination of the Registrar Modarabas, Securities And Exchange Commission of Pakistan, Islamabad and State Bank of Pakistan.

We also pay our tributes to the staff of our Modaraba for its performance they showed during the quarter under review.

For and on behalf of Board of Directors of Paramount Investments Limited (P.I.L.)
Managers of First Paramount Modaraba

Karachi.

Date: October 31st 2013.

Abdul Ghaffar Umer
Chief Executive Officer



First Paramount Modaraba

(An Islamic Financial Institution)

Balance Sheet - Un-Audited

As at September 30, 2013

		Sep 30th 2013 (Un-Audited)	June 30th 2013 (Audited)
ASSETS			
NON - CURRENT ASSETS			
	Note		
Operating fixed Assets	4	60,637,513	52,561,368
Long term portion of murabaha receivable	5	41,999,669	38,198,313
Long term portion of diminishing musharika financing		14,824,122	14,800,000
Long term deposit		10,428	13,428
		117,471,732	105,573,109
CURRENT ASSETS			
Investment classified as available for sale		2,276,894	2,235,421
Cash and bank balances		14,600,205	37,119,973
Current portion of long term murabaha receivable	5	96,020,934	87,348,371
Current portion of long term diminishing musharika financing		7,918,375	7,400,000
Short term murabaha receivable	6	14,902,243	14,398,701
Mushrikah Investment.		26,447,347	7,442,304
Stores and spares		734,370	683,337
Advances against Morabaha		906,080	663,000
Trade debtors		1,617,103	1,023,974
Receivable from Modaraba Management Company - a related party		494,439	166,065
Advances, prepayments and other receivables		6,066,909	2,899,814
		171,984,898	161,380,960
		289,456,630	266,954,068
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate Capital			
<i>Authorised</i>			
25,000,000 (30 June 2010: 25,000,000) certificates of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up		76,223,330	76,223,330
Capital reserves		69,608,398	69,608,398
Unrealized gain on remeasurement of available for sale investments		223,847	182,374
Unappropriated profit		24,261,021	29,657,252
		170,316,596	175,671,354
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred income		31,316,563	28,912,638
Certificates of musharaka		51,450,000	40,312,144
		82,766,563	69,224,782
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		7,530,020	5,959,455
Certificates of musharaka		10,000,000	5,190,643
Deferred income		792,687	1,059,860
Unclaimed profit distribution		18,050,764	9,847,974
		36,373,471	22,057,932
		289,456,630	266,954,068
TOTAL EQUITY AND LIABILITIES			

The annexed notes 1 to 11 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, 2013

	Sep-30 2013	Sep-30 2012
Operating income	12,410,451	11,657,369
Operating costs		
Provision for doubtful recoveries	(40,097)	75,829
Operating expenses	8,094,224	4,729,289
	(8,054,127)	(4,805,118)
	<u>4,356,324</u>	<u>6,852,251</u>
Other income	164,045	1,391,315
	<u>4,520,369</u>	<u>8,243,566</u>
Financial charges	(1,277,364)	(1,823,944)
Provision for worker's welfare fund	(64,860)	(128,392)
	<u>3,178,145</u>	<u>6,291,230</u>
Modaraba company's management fee	(368,665)	(729,783)
Profit for the Period	<u><u>2,809,480</u></u>	<u><u>5,561,447</u></u>
Earnings per certificate - basic and diluted	<u><u>0.37</u></u>	<u><u>0.95</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

Chief Executive

Director

Director



First Paramount Modaraba

(An Islamic Financial Institution)

Cash Flow Statement Un-Audited

For the period ended September 30, 2013

	September 2013	September 2012
Profit for the year	2,809,480	5,561,447
Adjustments for:		
Depreciation on property, plant and equipment	802,529	1,071,559
Provision for worker's welfare fund	64,860	128,392
Reversal of provision for doubtful recoveries	(40,097)	75,829
Financial charges	1,277,364	1,823,944
Operating profit before working capital changes	<u>4,914,136</u>	<u>8,661,171</u>
<i>(Increase) / decrease in assets</i>		
- Stores and spares	(51,032)	(91,675)
- Trade debtors	(593,130)	-
- Receivable from Modaraba's management company - a related party	(328,374)	-
- Advances, prepayments and other receivable	(3,096,808)	22,277
<i>Increase / (decrease) in liabilities</i>		
- Creditors, accrued and other liabilities	1,505,705	1,341,452
- Payable to Modaraba Management Company.	-	729,783
Net cash from operations	<u>2,350,497</u>	<u>10,663,008</u>
Income tax paid		
Financial charges paid	(1,277,364)	(246,095)
Net cash (used in) / from operating activities	<u>1,073,133</u>	<u>10,416,913</u>
Cash flows from investing activities	-	
Murabaha receivable - net	(10,800,612)	(5,576,957)
Diminishing musharakah receivable - net	(542,497)	1,850,000
Musharaka arrangements	(19,005,043)	-
Advance against murabaha	(243,080)	17,446,000
Long term deposits	3,000	-
Capital expenditure including capital work in progress	(8,948,961)	(5,429,966)
Net cash from investing activities	<u>(39,537,193)</u>	<u>8,289,077</u>
Cash flows from financing activities		
Musharaka financing - net	15,947,213	(13,130,737)
Profit distributed	(2,921)	(6,526)
Net cash used in financing activities	<u>15,944,292</u>	<u>(13,137,263)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(22,519,768)</u>	<u>5,568,727</u>
Cash and cash equivalents at beginning of the year	<u>37,119,973</u>	<u>18,953,609</u>
Cash and cash equivalents at end of the Quarter	<u>14,600,205</u>	<u>24,522,336</u>

The annexed notes 1 to 11 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, 2013 Un-Audited

	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, 2012	58,633,330	1,935,160	59,467,527	4,392	33,764,540	153,804,949
Profit distribution for the year ended 30 June 2012 @ Rs. 2.10 per certificate	-	-	-	-	(12,312,999)	(12,312,999)
Issuance of right certificates of Rs. 10 each	-	-	-	-	17,590,000	17,590,000
Profit for the year ended June 30, 2013	-	-	-	-	16,411,422	16,411,422
Transferred to Statutory Reserve	-	-	8,205,711	-	(8,205,711)	-
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	-	-	-	-	(8,205,711)	(8,205,711)
Total comprehensive income for the period	-	-	-	-	2,809,480	2,809,480
Unrealised gain on revaluation of available for sale Investment	-	-	-	41,473	-	41,473
BALANCES AS AT Sep 30th 2013.	76,223,330	1,935,160	67,673,238	223,847	24,261,021	170,316,596

The annexed notes 1 to 11 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 30th 2013.

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, 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 musharaka arrangements and generator rental and sale project under the name "AL-BURQ Associates" (formerly known as Advance Trading Corporation) and deployment of funds through murabaha and musharaka arrangements.

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

2. BASIS OF PREPARATION

- 2.1 This financial information is presented in a condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim financial Reporting. This condensed interim financial information does not include all of the information required for full financial information and should be read in conjunction with the financial statements of the Modaraba for the year ended 30 June 2013.
- 2.2 The accounting policies and methods of computation followed for the preparation of this financial information are the same as those applied in preparing the financial statements for the year ended 30 June 2013.
- 2.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Modaraba's operations and did not have any significant impact of the accounting policies of the Modaraba.

3. ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 3.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Significant judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2011.

- 3.2 The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

4. PLANT AND EQUIPMENT

Plant and equipment
Asset Held for Sale
Capital work in progress - at cost

	Sep 30th 2013 (Unaudited)	30 June 2013 (Audited)
	60,220,793	51,580,201
	416,720	416,720
	-	564,448
Rupees	<u>60,637,513</u>	<u>52,561,369</u>



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4.1 Additions and deletions made during the period are as follows:	Sep 30th	30 June
	2013	2013
	(Unaudited)	(Audited)
Additions during the period / year:		
Machinery - generators	9,352,533	23,267,350
Office equipment	30,250	528,660
Computers	25,275	118,619
Furniture and fixtures	94,300	352,261
Motor vehicles	11,050	1,590,728
	Rupees 9,513,408	25,857,618
Deletions (at book value) during the period / year:		
Machinery - generators	-	2,419,756
Office equipment	-	736,160
Motor vehicles	-	661,510
	Rupees -	3,817,426
5. LONG TERM MURABAHA RECEIVABLES	Sep 30th	30 June
	2013	2013
	(Unaudited)	(Audited)
Considered good - secured	138,020,603	125,546,684
Considered doubtful - secured	2,644,484	2,683,081
	140,665,087	128,229,765
Provision for doubtful recoveries	(2,644,484)	(2,683,081)
	138,020,603	125,546,684
Receivable within one year shown under current assets	(96,020,934)	(87,348,371)
	41,999,669	38,198,313
6. SHORT TERM MURABAHA RECEIVABLES		
This represent receivable under Murabaha arrangement on deferred payment basis at a specified profit margin of 12% for a period of 1 year representing IRR ranging between 20% to 23%. This is secured against charge over murabaha assets, personal guarantees of directors and demand promissory note. Profit on Murabaha arrangement amounting to Rs. 2.1 million is deferred over the period of Murabaha arrangement. The Murabaha transactions are conducted by appointing customer as an agent and all the invoices / purchase orders are issued in the name of customer.		
Considered good-secured	14,902,243	14,398,701
Considered doubtful - secured	120,274	121,774
	15,022,517	14,520,475
Provision for doubtful recoveries	(120,274)	(121,774)
	14,902,243	14,398,701
7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advance against expenses	1,776,756	205,000
Advance against salaries	13,977	14,954
Advance income tax	369,952	271,108
Advance given to weaving project for meeting expenses	2,220,392	938,865
Security deposit	390,000	195,000
Prepayments	1,229,416	337,961
Accrued Profit	-	381,699
Musharaka investment receivable	-	292,592
Other receivables	66,415	262,633
	6,066,909	2,899,812
7.1 This represents advances made on account of muharaba transactions. As the formal agreement in respect of such transactions have not been executed, therefore the same has not been classified as murabaha receivables.		
8. CERTIFICATES OF MUSHARAHA		
Certificate of Musharaka	61,450,000	45,502,787
Current portion of certificate of Musharaka shown under current Liabilities	(10,000,000)	(5,190,643)
	51,450,000	40,312,144



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Note

9. OPERATING INCOME

	'-- (Unaudited)---	
	Sep 30th 2013	Sep 30th 2012
Profit on murabaha receivables	6,270,607	7,386,110
Profit on diminishing musharaka	834,741	977,433
9.1 Rental income	3,365,900	3,293,826
9.2 Income from weaving project	1,939,203	-
	12,410,451	11,657,369

9.1 This represents income generated form rental business of AL-BURQ Associates (formerly Advanced Trading Corporation) representing Modaraba's Share of 52.09 percent.

9.2 This represents income generated form rental business of First Paramount Modaraba- Weaving representing Modaraba's Share of 55 percent.

10 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.

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on October 31st 2013. by the Board Directors of the Management Company.

Chief Executive

Director

Director