



FIRST PARAMOUNT MODARABA

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

for the period ended
December 31, 2020 (Un-Audited)

Half yearly Report 2020

For Long Term 'BBB', For Short Term A-3
Out Look - Stable
VIS Credit Rating Company



First Paramount Modaraba

(An Islamic Financial Institution)

CONTENTS

Mission & Vision	01
Corporate Information	02
Directors Report	04
Report on Review of Condensed Interim Financial	05
Shari'ah Advisor's Report	07
Balance Sheet	08
Profit and Loss Account	09
Condensed Interim Statement of Comprehensive Income (Un-Audited)	10
Cash Flow Statement	11
Statement of Changes in Equity	12
Notes to the Interim Financial Information (unaudited)	13

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

**CORPORATE INFORMATION
FIRST PARAMOUNT MODARABA
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. Abrar Ahmed	Director
Mr. Habib Ahmed Navaid	Independent Director
Mr. Humayun Mazhar Qureshi	Independent Director

AUDIT COMMITTEE

Mr. Habib Ahmed Navaid	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member

HUMAN RESOURCE COMMITTEE

Mr. Humayun Mazhar Qureshi	Chairman
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Ammad Jamal

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 **VIS Credit Rating Company**

AUDITORS OF THE MODARABA

M/s Riaz Ahmed & Co
Chartered Accountants

AUDITORS OF THE MODARABA MANAGEMENT COMPANY

M/s Rahim Jan & Co.
Chartered Accountants

LEGAL ADVISOR

M/s Raja Qasit Nawaz, Advocates



First Paramount Modaraba
(An Islamic Financial Institution)

BANKERS

Meezan Bank Limited
Bank Islami Pakistan Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited -Islamic Banking
Habib Bank Limited
Faysal Bank Limited

REGISTERED OFFICE

Suit # 107, 108, 1st Floor, P.E.C.H.S. Community Office Complex,
Block-2 PECHS, Shahrah-e-Quaiden, Karachi.
Phone: 34381037-38-52 & 34381101. Fax: 34534410
E-mail: info@fpm.com.pk
Web: www.fpm.com.pk

SHARE REGISTRAR

THK ASSOCIATES (PVT) LTD.
Plot No.32-C,Jami Commercial Street 2,
D.H.A, Phase VII,Karachi-75500. Pakistan
Tel: 111-000-322
Web: www.thk.com.pk
Email: sfc@thk.com.pk

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Limited, the Management Company of First Paramount Modaraba, hereby present the unaudited financial statements for the Half Year ended on 31st December, 2020 and Shari'ah Advisor's report thereon.

Modaraba has posted a net profit of PKR 818,805/= (EPS =0.06) for the half year ended December 31st, 2020, which was PKR 2,782,767/= (EPS =0.20) for the same period last year. Such difference is mainly due to the pre and post pandemic circumstances.

First Quarter of the half year was continuation of the COVID related economic slowdown. Quite a few industries in SME sector were in the stage of recovery (some of them are still in trouble). Due to this fact, during the period, Modaraba found it difficult to extend credits to its customers. Cash and Bank figures in the balance sheet depict the same. Alhamdulillah, situation is getting better with the passage of time.

With Credit Portfolio of Modaraba gaining strength and Modaraba's in-house business of Chemical Supplies to Oil and Gas exploration sector now beginning to show stability, it is likely that Modaraba will close this financial year with far better results compared to last financial year.

Modaraba's new business venture for "AML/CFT screening facility" is also posting profits now and it surely would add to the overall profitability of the Modaraba.

Board of Directors of the Modaraba is determined for equity enhancement to be able to further strengthen and enhance business.

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: February 25, 2021

S/d
Syed Wajih Hassan
(Chief Executive Officer)

INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of First Paramount Modaraba

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST PARAMOUNT MODARABA ("the Modaraba") as at 31 December 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as "condensed interim financial statements") for the six-months period then ended. The Management Company of Modaraba (Paramount Investments Limited) is responsible for the preparation and fair presentation of the condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-months period ended 31 December 2020 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-months period ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Waqas.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: February 25, 2021

KARACHI

Shariah Advisor's Report

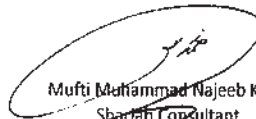
I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the half year ended December 31st 2020, in accordance with the requirements as reported hereunder, in my opinion:

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. 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.
3. 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.
4. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.

Dated: Feb 08, 2021



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
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 31 DECEMBER 2020**

	Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	17,787,041	17,349,264
Murabaha financing - secured	6	83,472,524	54,390,989
Diminishing musharaka financing - secured	7	24,457,453	13,180,790
Musharaka financing - secured	8	12,000,000	12,000,000
Loans to employees		750,000	874,000
Long-term deposits		341,969	341,969
		138,808,987	98,137,012
CURRENT ASSETS			
Stores and spares		7,141,243	6,793,783
Trade debtors - unsecured	9	27,147,928	48,406,541
Advances, prepayments and other receivables		42,923,562	39,614,254
Modaraba financing - secured and considered good	10	10,512,032	10,594,532
Short-term murabaha financing - secured	11	9,688,741	3,358,741
Current portion of murabaha financing	6	78,764,350	78,202,593
Current portion of diminishing musharaka financing	7	27,972,163	20,695,384
Current portion of musharaka financing	8	28,011,470	28,011,470
Current portion of loans to employees		396,000	350,000
Accrued profit		7,359,912	6,181,021
Tax refunds due from government	12	32,814,305	31,077,237
Cash and bank balances	13	61,908,516	75,852,255
		334,640,222	349,137,811
		473,449,209	447,274,823
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorized certificate capital			
25,000,000 certificates of Rupees 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up certificate capital		137,884,193	137,884,193
Capital reserves		51,267,375	51,103,614
Revenue reserves		15,124,416	19,295,319
		204,275,984	208,283,126
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		24,125,809	13,098,206
Certificates of musharaka	14	131,375,000	118,035,000
		155,500,809	131,133,206
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		19,452,793	14,515,672
Current portion of deferred income		15,742,298	13,803,665
Current portion of certificates of musharaka	14	55,970,000	57,656,200
Accrued profit on certificates of musharaka	15	2,594,375	2,658,107
Unclaimed profit distributions		19,912,950	19,224,847
		113,672,416	107,858,491
		473,449,209	447,274,823
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2020

	Note	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
		2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Operating income	17	29,138,588	114,819,365	16,986,289	48,377,318
Operating costs					
Operating expenses		(23,409,372)	(103,799,408)	(13,904,535)	(41,825,210)
Reversal of provision against doubtful recoveries of Murabaha financing	6.1	20,000	55,377	20,000	11,927
		(23,389,372)	(103,744,031)	(13,884,535)	(41,813,283)
		5,749,216	11,075,334	3,101,754	6,564,035
Other income		1,626,351	394,740	1,066,854	214,689
		7,375,567	11,470,074	4,168,608	6,778,724
Financial charges		(6,433,611)	(8,268,768)	(3,388,524)	(4,321,023)
		941,956	3,201,306	780,084	2,457,701
Modaraba Company's management fee	18	(106,441)	(361,748)	(88,149)	(277,721)
		835,515	2,839,558	691,935	2,179,980
Provision for Sindh Workers' Welfare Fund		(16,710)	(56,791)	(13,838)	(43,599)
Profit before taxation		818,805	2,782,767	678,097	2,136,381
Taxation	19	-	-	-	-
Profit after taxation		818,805	2,782,767	678,097	2,136,381
Earnings per certificate	20	0.06	0.20	0.05	0.15

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2020**

	Six-Months Period Ended 31 December		Three-Months Period Ended 31 December	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Profit after taxation	818,805	2,782,767	678,097	2,136,381
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may be reclassified subsequently to profit and loss account	-	-	-	-
Total comprehensive income for the period	818,805	2,782,767	678,097	2,136,381

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2020**

	Six-Months Period Ended 31 December	
	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	818,805	2,782,767
Adjustments for non-cash items:		
Depreciation	536,963	518,511
Amortization	128,648	183,783
Provision for Sindh Workers' Welfare Fund	16,710	56,791
Financial charges	6,433,611	8,268,768
Reversal of provision against doubtful recoveries of Murabaha financing	(20,000)	(55,377)
Operating profit before working capital changes	7,914,737	11,755,243
(Increase) / decrease in current assets		
Murabaha financing - net	(35,953,292)	48,462,841
Diminishing Musharaka financing - net	(18,553,442)	(8,559,254)
Musharaka financing - net	-	8,070,375
Modaraba financing - net	82,500	-
Stores and spares	(347,460)	(8,702,814)
Trade debts	21,258,613	44,402,479
Loans to employees	78,000	370,338
Advances, prepayments and other receivables	(3,311,616)	(11,881,895)
Accrued profit	(1,178,891)	7,003,968
Decrease in current liabilities		
Deferred income	12,966,236	-
Creditors, accrued and other liabilities	4,953,831	(17,201,515)
Net cash (used in) / generated from operations	(12,090,784)	73,719,766
Financial charges paid	(63,339)	-
Taxes paid	(1,737,068)	(6,213,286)
Net cash (used in) / generated from operating activities	(13,891,191)	67,506,480
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in capital work-in progress	-	-
Additions of fixed assets	(1,134,500)	(5,000)
Net cash used in investing activities	(1,134,500)	(5,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Certificate of musharaka - issuance	22,303,800	21,150,000
Certificate of musharaka - redemptions	(10,650,000)	(22,557,215)
Profit paid to certificates of Musharaka (COM) holder	(6,434,004)	-
Profit distribution to certificate holders	(4,137,844)	(10,761,050)
Net cash generated / (used in) from financing activities	1,081,952	(12,168,265)
Net (decrease) / increase in cash and cash equivalents	(13,943,739)	55,333,215
Cash and cash equivalents at beginning of the period	75,852,255	20,002,719
Cash and cash equivalents at end of the period	61,908,516	75,335,934

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2020

	Issued, subscribed and paid up certificate capital	Reserves				Total
		Capital	Revenue	Total		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2019	137,884,193	1,935,160	47,868,977	49,804,137	27,885,832	215,574,162
Transaction with owners:						
Profit distribution for the year ended 30 June 2019 @ Rupees 1.0 per certificate	-	-	-	-	(13,788,420)	(13,788,420)
Total comprehensive income:						
Profit after taxation	-	-	-	-	2,782,767	2,782,767
Other comprehensive income	-	-	-	-	-	-
Transferred to statutory reserve @ 20%	-	-	556,553	556,553	(556,553)	-
Balance as at 31 December 2019	137,884,193	1,935,160	48,425,530	50,360,690	16,323,626	204,568,509
Total comprehensive income:						
Profit after taxation	-	-	-	-	3,714,617	3,714,617
Other comprehensive income	-	-	-	-	-	-
Transferred to statutory reserve @ 20%	-	-	742,924	742,924	(742,924)	-
Balance as at 30 June 2020	137,884,193	1,935,160	49,168,454	51,103,614	19,295,319	208,283,126
Transaction with owners:						
Profit distribution for the year ended 30 June 2020 @ Rupees 0.35 per certificate	-	-	-	-	(4,825,947)	(4,825,947)
Total comprehensive income:						
Profit after taxation	-	-	-	-	818,805	818,805
Other comprehensive income	-	-	-	-	-	-
Transferred to statutory reserve @ 20%	-	-	163,761	163,761	(163,761)	-
Balance as at 31 December 2020	137,884,193	1,935,160	49,332,215	51,267,375	15,124,416	204,275,984

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.

The annexed notes from 01 to 27 form an integral part of these condensed interim financial statements.
For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on 26 June 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The registered office of the Modaraba is situated at Suite # 107-108, 1st Floor, P.E.C.H.S Community Office Complex, Block-2, Shahra-e-Quaideen, Karachi, in the province of Sindh. The Modaraba has a branch office in Islamabad. Modaraba's principal activities include deployment of funds on murabaha, modaraba and musharaka arrangements and its in-house ventures are (A) Generator rental and sale project under the name "AL-BURQ Associates", (B) Electrical maintenance and troubleshooting services' under the name of "FPM Solutions", (C) Chemical business under the name of "FPM Petro Services" (D) Engineering products and solutions to upstream service companies under the name of "FPM Geo Dynamics International" and (E) Consultancy business under the name "FPM Consulting".

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Modaraba have been prepared in accordance with:

- International Accounting Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB);
- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981;
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

In case where requirements differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

- 2.2** These condensed interim financial statements are un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements under Section 237(1) of Companies Act, 2017 and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.
- 2.3** These condensed interim financial statements have been prepared under the historical cost convention.
- 2.4** These condensed interim financial statements are prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.
- 2.5** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Modaraba for the year ended 30 June 2020. The comparative balance sheet presented has been extracted from annual financial statements for the year ended 30 June 2020, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the un-audited condensed interim financial statements for the six-months period ended 31 December 2019.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the published annual financial statements for the year ended 30 June 2020.

4. FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the published annual financial statements for the year ended 30 June 2020.

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
5. FIXED ASSETS	Note		
Tangible assets	5.1	17,058,035	16,460,498
Capital work-in progress	5.2	-	31,112
Intangible assets	5.3	729,006	857,654
		17,787,041	17,349,264
5.1 Tangible assets			
Opening net book value		16,460,498	17,493,259
Additions during the period / year		1,134,500	16,800
Adjustments during the period / year		-	(11,950)
Depreciation charged during the period / year		(536,963)	(1,037,611)
Closing net book value		17,058,035	16,460,498
5.2 Capital work-in progress			
Opening balance		31,112	-
Additions during the period / year		-	31,112
Transfer / adjustments during the period / year		(31,112)	-
Closing balance		-	31,112
5.3 Intangible assets			
Opening net book value		857,654	1,260,219
Adjustments during the period / year		-	(35,000)
Amortization charged during the period / year		(128,648)	(367,565)
Closing net book value		729,006	857,654
6. MURABAHA FINANCING - SECURED			
Considered good		162,236,874	132,593,582
Considered doubtful		2,607,529	2,627,529
		164,844,403	135,221,111
Allowance for expected credit losses	6.1 - 6.3	(2,607,529)	(2,627,529)
		162,236,874	132,593,582
Current portion of murabaha financing	6.4	(78,764,350)	(78,202,593)
		83,472,524	54,390,989
6.1 Movement in allowance for expected credit losses			
Opening balance		2,627,529	2,291,155
Charge for the period / year		-	406,387
Reversal made during the period / year		(20,000)	(70,013)
Closing balance		2,607,529	2,627,529
6.2	The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred alongwith specified profit margin. Murabaha sale is receivable in installments. These arrangements are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 1,298.14 million (30 June 2020: Rupees 503.47 million) in aggregate.		
6.3	These facilities have various maturity dates up to 16 October 2024. Effective profit rate on these arrangements ranges from 9% to 23.5% (30 June 2020: 9% to 21%).		
6.4 Contractual receivables from murabaha financing facilities:			
31 December 2020 - unaudited			
Due within one year / overdue		Principal Rupees	Profit Rupees
Due after one year but within five years		65,089,613	13,674,737
Due after five years		66,499,527	19,580,526
		-	-
		131,589,140	33,255,263
			164,844,403

30 June 2020 - audited

Due within one year / overdue
Due after one year but within five years
Due after five years

Principal Rupees	Profit Rupees	Total Rupees
67,389,784	10,812,809	78,202,593
44,049,934	12,968,584	57,018,518
-	-	-
111,439,718	23,781,393	135,221,111

**Un-audited
31 December
2020
Rupees**

**Audited
30 June
2020
Rupees**

7. DIMINISHING MUSHARAKA FINANCING - SECURED

Considered good
Current portion of diminishing musharaka financing

7.1	52,429,616 (27,972,163) 24,457,453	33,876,174 (20,695,384) 13,180,790
-----	---	---

- 7.1** This represents financing provided to individuals under diminishing musharaka arrangement for purchase of vehicles and buildings. The effective profit rates on these arrangements ranges from 16% to 23% (30 June 2020: 16% and 20%) per annum and this is repayable on monthly basis over a maximum period of 5 years. These facilities have various maturity dates up to 17 February 2023. The financing is secured by mortgage of properties, hypothecation and personal guarantee of the borrower. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 169.132 million (30 June 2020: Rupees 156.50 million) in aggregate.

7.2 Contractual rentals receivable from diminishing musharaka financing facilities:

31 December 2020 - unaudited

Due within one year
Due after one year but within five years
Due after five years

Principal Rupees	Profit Rupees	Total Rupees
23,744,131	4,228,032	27,972,163
19,318,231	5,139,222	24,457,453
-	-	-
43,062,362	9,367,254	52,429,616

30 June 2020 - audited

Due within one year
Due after one year but within five years
Due after five years

18,092,817	2,602,567	20,695,384
10,914,457	2,266,333	13,180,790
-	-	-
29,007,274	4,868,900	33,876,174

8. MUSHARAKA FINANCING - SECURED

Musharaka agreements for:

Garments	8.1	11,470	11,470
Food products	8.2	12,000,000	12,000,000
Books printing - I	8.3	8,000,000	8,000,000
Books printing - II	8.4	20,000,000	20,000,000
		40,011,470	40,011,470
Less: Current portion of musharaka financing	8.6	(28,011,470)	(28,011,470)
		12,000,000	12,000,000

- 8.1** The Modaraba entered into a musharaka arrangement for the production of high quality wrinkle free trousers and other apparels during 2014. The arrangement involved financing of working capital to the musharaka partner for the purchase of raw material, stitching and processing, whereas the musharaka partner was exclusively responsible for the production and distribution function on consignment basis and not to make any fund based investment. Profit sharing ratio between the Modaraba and the musharaka partner was 40:60 respectively. The financing was secured by way of mortgage of a property. In 2017, the agreement was terminated due to operational losses incurred by the Musharaka partner. The Modaraba is in process to recover the financing as per agreement, from the musharaka partner.

- 8.2** The Modaraba has entered into a musharaka arrangement with musharaka partner for distribution of food products like milk, biscuits etc. The Modaraba's share of investment is 30% of the total financing required by the musharaka partner and profit on investment is shared in the ratio of 35:65 (30 June 2020: 35:65) between Modaraba and musharaka partner respectively. This financing is secured by way of mortgage of a property.

- 8.3** The Modaraba signed a musharaka arrangement amounting to Rupees 30 million for printing of 355,000 books with a musharaka partner. The profit on the investment is shared between Modaraba and the musharaka partner in the ratio of 50:50 (30 June 2020: 50:50), respectively. During the previous year, this arrangement is fulfilled and the Modaraba is in process to recover the financing as per agreement, from the Musharaka partner.
- 8.4** During the period, the Modaraba signed a musharaka arrangement amounting to Rupees 20 million for printing of 272,766 books with a Musharaka partner. The profit on the investment is shared between Modaraba and the musharaka partner in the ratio of 64.09:35.91, respectively. The financing is secured by way of mortgage of immoveable property.
- 8.5** The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 50.089 million (30 June 2020: Rupees 96.671 million) in aggregate.

	Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
8.6 Contractual rentals receivable on Musharaka financing facilities:			
Due within one year		28,011,470	28,011,470
Due after one year but within five years		12,000,000	12,000,000
Due after five years		-	-
		<u>40,011,470</u>	<u>40,011,470</u>
9. TRADE DEBTORS - unsecured			
Considered good		27,147,928	48,406,541
Considered doubtful		3,289,466	3,289,466
		<u>30,437,394</u>	<u>51,696,007</u>
Allowance for expected credit losses	9.1	(3,289,466)	(3,289,466)
		<u>27,147,928</u>	<u>48,406,541</u>
9.1 Movement in allowance for expected credit losses:			
Opening balance		3,289,466	3,289,466
Charge for the period / year		-	-
Closing balance		<u>3,289,466</u>	<u>3,289,466</u>

10. MODARABA FINANCING - SECURED AND CONSIDERED GOOD

The Modaraba has signed an arrangement with Advanced Power Solutions and Technologies (APS) for installation of new UPS systems and upgrading of existing UPS systems of a bank, at its branches all over Pakistan. The profit on the investment is shared between Modaraba and APS in the ratio of 50:50. The financing is secured by way of mortgage of property. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 34.233 million (30 June 2020: Rupees 34.233 million) in aggregate.

11. SHORT TERM MURABAHA FINANCING - SECURED

Murabaha sale price is receivable in installments. Effective profit rate on these arrangements ranges from 18% to 18.3% (30 June 2020: from 7% to 12%) per annum receivable on agreed terms. These financing are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 66.69 million (30 June 2020: Rupees 56.09 million) in aggregate.

12. TAX REFUNDS DUE FORM GOVERNMENT

This includes income tax refundable on account of net advance tax paid / withheld aggregating to Rupees 2,808,171 (30 June 2020: Rupees 2,808,171) and Rupees 3,096,879 (30 June 2020: Rupees 3,096,879) relating to its CNG business for tax years 2009 and 2010 respectively which were expensed out in the respective accounting periods. These amounts were recorded as refundable as the management filed an application for the refund of the same under Section 170 of the Income Tax Ordinance, 2001.

	Note	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
13. CASH AND BANK BALANCES			
Cash in hand		90,883	61,903
Cash at banks			
- Current accounts		12,045,481	26,657,989
- Deposit accounts	13.1 & 13.2	49,772,152	49,132,363
		<u>61,908,516</u>	<u>75,852,255</u>
13.1	This includes Rupees 8,430,722 (30 June 2020: Rupees 8,755,755) in respect of Redemption Reserve Fund established on account of certificates of musharaka.		
13.2	Effective profit rate in respect of deposit accounts ranges from 2.3% to 6.1% (30 June 2020: 3.25% to 7.06%) per annum.		
14. CERTIFICATES OF MUSHARAKA			
Opening balance		175,691,200	169,551,200
Issued during the period / year		22,303,800	29,590,000
Redemption made during the period / year		(10,650,000)	(23,450,000)
		<u>187,345,000</u>	<u>175,691,200</u>
Less: Current portion of certificates of musharaka		(55,970,000)	(57,656,200)
		<u>131,375,000</u>	<u>118,035,000</u>
14.1	A Redemption Reserve Fund is established on account of Certificate of Musharaka. These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 6.25% to 7.5% (30 June 2020: 6.5% to 10%) per annum (refer Note 13.1).		
15. ACCRUED PROFIT ON CERTIFICATES OF MUSHARIKA			
Opening balance		2,658,107	2,706,361
Add: accrued during the year		6,370,272	15,587,900
Less: paid during the year		(6,434,004)	(15,636,154)
Closing balance		<u>2,594,375</u>	<u>2,658,107</u>
16. CONTINGENCIES AND COMMITMENTS			
a) Contingencies			
16.1	During the year, the Sindh Revenue Board (SRB) has raised accumulated demand of Rupees 7,064,107 vide orders 629 of 2019, 632 of 2019, 635 of 2019 and 636 of 2019 dated 19 July 2019, 23 July 2019, 25 July 2019 and 29 July 2019, on the grounds that the Modaraba's activities fall under tariffs 9809, 9822, 9822.2 and 9822.3 of Second Schedule of the Sindh Sales Tax on Services Act, 2011 (the Act). The Modaraba filed two constitution petitions no: CP D-3513/2019 and CP D-3514/2019 against SRB in the Honorable High Court of Sindh to avoid any further demand or recovery until a complete opportunity of being heard is provided to the Modaraba. Consequently, The honorable high court of Sindh gave its judgment in favor of the Modaraba and refrained SRB from taking any adverse action before providing a complete opportunity of being heard to the appellant. The Modaraba has filed an appeal against the above orders on the grounds that all service taxes as per the Act have already been charged and all the sales tax returns in relevant tax periods have been filed appropriately. The decision is pending before the commissioner appeals SRB and the Management is confident that the orders will be withdrawn, therefore, no liability has been recorded in this regard.		
16.2	There has been no significant change in the status of contingencies as disclosed in the annual financial statements of the Modaraba for the year ended 30 June 2020 except as disclosed above.		
b) Commitments			
	There were no commitments as at reporting date. (30 June 2020: Nil)		

		Un-audited Six-months period ended 31 December 2020	Un-audited Six-months period ended 31 December 2019	Un-audited Three-months period ended 31 December 2020	Un-audited Three-months period ended 31 December 2019
	Note	Rupees	Rupees	Rupees	Rupees
17. OPERATING INCOME					
Profit on:					
- murabaha financing		10,048,450	11,966,775	5,271,980	6,572,706
- diminishing musharaka financing		3,128,706	2,126,859	2,078,490	1,349,653
- musharaka financing		1,172,737	2,015,913	294,014	1,666,913
Income from:					
- FPM Solution	17.1	6,314,814	4,401,213	5,027,324	3,025,196
- FPM Petro	17.2	8,473,881	94,308,605	4,314,481	35,762,850
		29,138,588	114,819,365	16,986,289	48,377,318

17.1 This represents income generated from project power solutions business (FPM Solutions). This includes income from Service Level Agreements (SLA) entered into by FPM Solutions with various clients to provide services in respect of stand by generators, UPS and other power back up solutions.

17.2 This represents income generated from chemical business of FPM Petro Services.

18. MODARABA COMPANY'S MANAGEMENT FEE

The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the six-months period ended 31 December 2020 has been recognized at 10% (30 June 2020: 10%) of net profit for the period.

19. TAXATION

Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax of any income, not being income of trading activity derived by a Modaraba, if not less than ninety percent of its total profits in a year, as reduced by the amount transferred to mandatory reserve under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance 1980 is distributed to the certificate holders. As the management intends to distribute at least 90 percent of the profits amongst the certificate holders in the current and future years, therefore provision for current taxation and deferred tax has not been made in these condensed interim financial statements.

Further, as the Modaraba has net taxable loss relating to trading activities due to which no tax has been charged during the period in these condensed interim financial statements.

20. EARNINGS PER CERTIFICATE

Profit for the period attributable to certificate holders - Rupees	818,805	2,782,767	678,097	2,136,381
Weighted average number of certificates - Number	13,788,420	13,788,420	13,788,420	13,788,420
Earnings per certificate - Rupees	0.06	0.20	0.05	0.15

20.1 There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there are no convertible instruments in issue as at 31 December 2020 and 30 June 2020 which would have any effect on the earnings per certificate if the option to convert is exercised.

21. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Modaraba comprise of the Management Company, musharaka arrangements, directors, key management personnel and retirement benefit funds. The transactions between the Modaraba and the related parties are carried out as per agreed terms. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment and those which have been disclosed elsewhere are as follows:

a) Transactions during the year

Transactions during the year				Un-audited Six-months period ended 31 December 2020	Un-audited 31 December 2019
Relationship with the Modaraba	Name of related party	Basis of relationship	Nature of transactions	Rupees	Rupees
i.	Management Company	Paramount Investments Limited	14.26% certificate holding	106,441	361,748
			Management fee	158,276	-
			Payments made for expenses	2,231,061	900,000
			Payments made during the period	688,180	1,965,768
			Profit distributed		
ii.	Generator Project	AL-BURQ Associates	52.09% share of Modaraba	55	960
iii.	Directors	-	-		
			Rent paid	771,951	263,538
			Profit distribution	297,686	286,034
iv.	Staff retirement funds	Paramount Investments Limited - Employees' Provident Fund	Unfunded provident fund scheme	265,008	321,518
			Contribution to the Fund	52,932	68,250
			Profit paid on certificates of musharaka		
b) Balances receivable / (payable)					
Relationship with the Modaraba	Name of related party	Basis of relationship	Nature of balances	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
i.	Management Company	Paramount Investments Limited	14.26% certificate holding	3,385,689	1,142,476
			Other receivables		
			Other liabilities	-	-
ii.	Directors	-	-	217,800	217,800
			Security deposit		
iii.	Staff retirement benefit funds	Paramount Investment Limited - Employees Provident Fund	Unfunded provident fund scheme	(1,400,000)	(1,400,000)
			Certificates of musharaka	(2,535)	(3,492)
			Accrued profit on certificate of musharaka		



The table below states changes in the Modaraba's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Modaraba's cash flows as cash flows from financing activities.

	(Audited)				
	As at 30 June 2019	Financing cash inflows	Financing cash outflows	Non Cash changes	31 June 2020
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	16,426,953	-	(10,990,526)	13,788,420	19,224,847
Accrued profit on certificates of	2,706,361	-	(15,636,154)	15,587,900	2,658,107
Certificates of musharaka	169,551,200	29,590,000	(23,450,000)	-	175,691,200

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically repriced.

IFRS 7, 'Financial instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). There are no items to report therein as on 31 December 2020 and 30 June 2020.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). There are no items to report therein as on 31 December 2020 and 30 June 2020.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). There are no items to report therein as at 31 December 2020 and 30 June 2020.

As at 31 December 2020 and 30 June 2020, there were no financial assets to be classified under the above levels.

24. INFORMATION ABOUT BUSINESS SEGMENTS

Information regarding the Modaraba's reportable segments are presented below:

a) Segment assets and liabilities

	As at 31 December 2020 (Un-audited)					
	Generator project			FPM Geo		
	Financing	Total	Modaraba's share	FPM Solutions	FPM Petro Services	FPM Dynamics International
Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Total assets	371,582,937	21,675,869	11,290,960	32,661,772	57,554,796	352,319
Total liabilities	175,738,374	31,146,505	16,224,214	38,935,772	38,192,014	41,780

As at 30 June 2020 (Audited)

	As at 30 June 2020 (Audited)					
	Generator project			FPM Geo		
	Financing	Total	Modaraba's share	FPM Solutions	FPM Petro Services	FPM Dynamics International
Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Total assets	313,938,423	21,675,974	11,291,012	33,195,395	88,509,493	333,781
Total liabilities	-151,229,388	(31,146,505)	(16,224,214)	(38,863,083)	(32,633,941)	-

b) Segment results

	For the six-months period ended 31 December 2020 (Un-audited)					
	Generator project			FPM Geo		
	Financing	Total	Modaraba's share	FPM Solutions	FPM Petro Services	FPM Dynamics International
Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	14,349,893	-	-	6,314,814	8,473,881	-
Profit / (loss) before tax	100,088	(105)	(55)	108,650	712,078	(101,662)
For the six-months period ended 31 December 2019 (Un-audited)						
	Generator project			FPM Geo		
	Financing	Total	Modaraba's share	FPM Solutions	FPM Petro Services	FPM Dynamics International
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	16,109,547	-	-	4,401,213	94,308,605	-
Profit / (loss) before tax	(4,666,931)	(1,843)	(960)	853,380	6,662,842	(65,244)

25. CAPITAL RISK MANAGEMENT

The Modaraba's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distribution to certificate holders or issue new certificates / right certificates. The Modaraba is not exposed to external capital requirements.

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 25, 2021 by the Board of Directors of the Modaraba's Management Company.

27. GENERAL

27.1 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassifications of corresponding figures have been made during the period in these condensed interim financial statements.

27.2 Figures have been rounded off to the nearest rupee.

**For Paramount Investments Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director








Director










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

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. Shahra-e-Quaideen, Karachi.
Ph: 34381037 - 38 - 52, Fax: 34534410,
Email: customersupport@fpm.com.pk
Web: www.fpm.com.pk

FRIEND PRINTERS
Tel: 38888775, Cell: 330012715553
Email: friendprinters@fpm.com.pk