

FIRST PARAMOUNT MODARABA

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

2024

ANNUAL REPORT

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

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Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Shariah 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 Hasan	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
* Resigned w.e.f. 30 Jul 2024	

AUDIT COMMITTEE

Mr. Habib Ahmed Navaid	Chairman
Mr. Pir Muhammad Kalia	Member*
Mr. Nadeem Iqbal	Member
* Resigned w.e.f. 30 Jul 2024	

HUMAN RESOURCE COMMITTEE

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

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Muhammad Ifham Khan (Resigned w.e.f. 20 Jul 2024)
Mr. Syed Mudassir Ali (Appointed w.e.f. 23 Jul 2024)

SHARIAH ADVISOR

Mufti Muhammad Farhan Farooq

SHARIAH CONSULTANT

Mufti Muhammad Najeeb Khan

CREDIT RATING

Long term BBB Short Term A-3
Outlook Stable
By VIS Credit Rating Company

AUDITORS OF THE MODARABA

M/s Riaz Ahmad & Co.
Chartered Accountants

AUDITORS OF THE MODARABA MANAGEMENT COMPANY

M/s Hafizullah & Co.
Chartered Accountants

LEGAL ADVISOR

M/s Raja Qasit Nawaz, Advocates

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.
32-C, Jami Commercial Street 2,
D.H.A Phase VII, Karachi 75500
Pakistan
UAN : +92 (021) 111-000-322
Tel : +92 (021) 35310191-6
Web: www.thk.com.pk
Email: sfc@thk.com.pk

DIRECTORS' REPORT TO THE CERTIFICATE-HOLDERS OF FIRST PARAMOUNT MODARABA

The Directors of Paramount Investment Limited, Management Company of First Paramount Modaraba, are pleased to present the duly audited financial statements for the financial year ended on 30 June 2024, along with Shariah Advisor's report and Report of External Auditors to the Certificate Holders.

Modaraba has posted a pre-tax profit of Rs. 40,659,604 for the year ended 30 June 2024, as compared to Rs. 11,788,671 for the same period last year (an increase of 245%). The net after-tax profits of Modaraba for the year stood at Rs. 28,542,477, increased by Rs. 22,002,352 (336%) from last year's profits. Earning per certificate for the year stood at Rs. 2.07 while it was at Rs. 0.47 in the last year.

During the period, FPM Petro Services, an in-house venture of Modaraba, continued its growth. Realignment of the product portfolio, continuous introduction of new high margin products and relentless efforts for securing high sales volume is translated into healthy results. Modaraba's long term strategy for capturing the market share and creating a strong market footprint with the objective of profit maximization for certificate holders is yielding exceptional results. With the continuous expansion of hydrocarbon exploration initiatives in the country, we expect this growth to continue in future.

Economic condition of the Country, though better from past year, is still far from stability and growth. Since it is linked with the political situation of the Country, one cannot forecast positivity in shorter term scenario. On top of that, Middle Eastern crisis that began as Israel-Palestine Conflict has now turned into a much bigger regional crisis involving our neighbors Iran also.

Modaraba's in-house venture for AML / CFT related screening services, is doing Alhamdulillah well. Plans to launch this service in Middle East, Africa and Central Asian markets is underway. Related corporate structures are well in place and operations will begin in the last quarter of this calendar year. This move Inshallah will bring good news in many fronts for Modaraba.

With primary focus on the objective of expansion, diversification in business by innovation and use of technology, the Modaraba through contractual arrangements with their partners, participated in the sandbox testing of "Asset Fractionation Platform" announced by SECP during the year. This venture will Inshallah turnaround the landscape of operations and size of the Modaraba. The financial outcomes will unfold in the next few months.

As per revised Modaraba Regulations issued on 15 August 2022 by SECP, all deposit taking Modarabas were required to have a minimum equity of Rs. 500 million (FPM's is at 250 million) and a minimum credit rating of "A-" (FPM's rating is BBB) in a period of 3 years. Regulations also restricted issuance of dividend to Modaraba's certificate holders until compliance of these conditions are made.

The Board of Directors and the Management of Modaraba are fully committed to comply with the requirements of these Regulations and meeting the criteria mentioned therein.

Financial Results:

Financial results are summarized as under:

	Year ended 30 th June, 2024 (Amount in Rupees)	Year ended 30 th June, 2023 (Amount in Rupees)
Profit before other income and financial charges	59,461,248	26,555,816
Profit before tax and levy	40,659,604	11,788,671
Profit after tax	28,542,477	6,540,124
EPC	2.070	0.474

Compliance with Code of Corporate Governance:

As required by the Code of Corporate Governance, the Directors are pleased to report that:

- The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of Pakistan Stock Exchange and;
- The Board of Directors has total 7 directors including CEO. The composition of the board is as follows:
 - Male: 7*
 - Female: 0

Name of Director
Mr. Tanveer Ahmed Magoon, Chairman
Syed Wajih Hassan, Chief Executive
Mr. Pir Muhammad Kalia, Director*
Mr. Abrar Ahmed, Director
Mr. Nadeem Iqbal, Director
Mr. Humayun Mazhar Qureshi, Independent Director
Mr. Habib Ahmed Navaid, Independent Director

* Resigned w.e.f. 30 Jul 2024

- i) During the year under review, four (04) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	Meetings Eligibility	Meeting Attended
Mr. Tanveer Ahmed Magoon, Chairman	4	4
Syed Wajih Hassan, Chief Executive	4	4
Mr. Pir Muhammad Kalia, Director	4	3
Mr. Abrar Ahmed, Director	4	4
Mr. Nadeem Iqbal, Director	4	4
Mr. Humayun Mazhar Qureshi, Independent Director	4	4
Mr. Habib Ahmed Navaid, Independent Director	4	4

- j) During the year, four (04) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Director	Meetings Eligibility	Meeting Attended
Mr. Habib Ahmed Navaid, Chairperson	4	4
Mr. Pir Muhammad Kalia, Member	4	3
Syed Wajih Hassan, Member	4	4
Mr. Nadeem Iqbal, Member	4	4

- k) During the year, one (01) HR meeting was held. Attendance by each member was as follows:

Name of Director	Meetings Eligibility	Meeting Attended
Mr. Humayun Qureshi, Chairperson	1	1
Mr. Tanveer Ahmed Magoon, Member	1	1
Syed Wajih Hassan, Member	1	1
Mr. Nadeem Iqbal, Member	1	1

Director Remuneration

The remuneration of the director for attending meetings of the board or any Committee of the Board is determined under the Director's Compensation Policy adopted by First Paramount Modaraba.

Shariah Advisor's Report

The Modaraba continues to seek guidance from its Shariah Advisor, Mufti Farhan Farooq as and when required to ensure full compliance to Shariah Audit mechanism developed in consultation with Registrar Modaraba.

External Auditors

On the recommendation of the Audit Committee, the Board has approved the appointment of the auditors M/s. Crowe Hussain Chaudhury & Co, Chartered Accountants as auditors for the year ending June 30, 2025, subject to approval of the Registrar Modaraba.

Acknowledgement

The Management and the Board of Directors hereby offer thanks of manifold of the continuance patronage and coordination especially of the Registrar Modarabas, Securities And Exchange Commission of Pakistan, Islamabad, and State Bank of Pakistan.

We also put to our staff members in the scale of appreciation who really showed their agility in the completion of the given task.

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

Mr. Syed Wajih Hassan
Chief Executive Officer

Mr. Tanveer Ahmed Magoon
Chairman

Karachi
Dated: 03 October 2024

ڈائریکٹر زفر سٹ پیراماؤنٹ مضاربہ کے سرٹیفیکیٹ ہولڈرز کو رپورٹ کرتے ہیں

پیراماؤنٹ انوسٹمنٹ کمپنی، جو مینجمنٹ کمپنی ہے، پیراماؤنٹ مضاربہ کے 30 جون 2024 کو ختم ہونے والے سال سے متعلق مالیاتی گوشوارے، جمع آڈٹ رپورٹ اور شریعہ ایڈوائزری رپورٹ، ڈائریکٹر کی جانب سے سرٹیفیکیٹ ہولڈرز کی پیش خدمت ہیں۔

مضاربہ نے اس مالی سال میں ٹیکس کٹوتی سے قبل کا منافع = 40,659,604 روپے کمایا ہے، پچھلے مالی سال میں یہ منافع = 11,788,671 روپے تھا (اضافہ ہے 245% فیصد کا) اس طرح اس سال کا ”بعد از کٹوتی ٹیکس“ منافع = 28,452,477 روپے رہا، جو پچھلے مالی سال سے = 22,002,352 روپے زیادہ رہا، (تقریباً 366% فیصد)۔ فی سرٹیفیکیٹ آمدنی اس سال 2.07 روپے رہی، جبکہ پچھلے سال یہ 0.47 روپے تھی۔

دوران سال مضاربہ کے اپنے شعبہ FPM PETRO SERVICES نے کاروبار میں اضافہ جاری رکھا۔ نئی پروڈکٹس متعارف کروائی گئیں، کئی پروڈکٹس کے منافع بہتر بنائے گئے اور مجموعی طور پر انتھک کاوشوں کے ذریعے فروخت میں بھرپور اضافہ کیا گیا۔ مضاربہ اپنی طویل المدت حکمت عملی کے تحت اس شعبے میں اپنا ایک مستقل مقام بنانے میں کامیاب ہو گیا ہے، جو سرٹیفیکیٹ ہولڈرز کے لئے منافع میں بڑھوتری کا سبب بنے گا۔ تیل اور گیس کے نئے ذخائر کی تلاش میں حکومتی دلچسپی اس بات کو یقینی بناتی ہے کہ مستقبل قریب میں بھی اس شعبے میں ترقی کا عمل جاری رہے گا۔ ملک کی معاشی صورت حال اگرچہ پہلے سے بہتر ہے، لیکن ابھی معاشی ترقی اور استحکام کی منزل کافی دور ہے اس لئے مستقبل قریب میں صورت حال میں بہتری کی امید نہیں کی جاسکتی۔ مشرق وسطیٰ کی صورت حال اس پر مستزاد ہے، اسرائیل اور فلسطینیوں کے درمیان شروع ہونے والا قضیہ اب بڑھ کر ہمارے پڑوس ایران تک آپہنچا ہے۔

مضاربہ کا ایک اور شعبہ AML/ CFT SCREENING SERVICE مستقل ترقی کر رہا ہے، الحمد للہ۔ اس شعبہ کی سروسز کا دائرہ اب مشرق وسطیٰ، افریقہ اور وسط ایشیاء کے ممالک تک پھیلانے کا کام جاری ہے، بنیادی ڈھانچہ کھڑا کر لیا گیا ہے اور اس سلسلے میں آپریشنز اس سال کے آخری کوارٹر میں شروع ہو جائیں گے۔ انشاء اللہ جلد ہی مضاربہ کے لئے اس شعبہ سے خوشخبریاں آئی شروع ہو جائیں گی۔ مضاربہ کی کوششوں کا مرکز کاروبار کا پھیلاؤ اور ٹیکنالوجی کے ذریعے نئی کاروباری جہتوں کو تلاش ہے۔ مضاربہ نے اس سال اپنے پارٹنرز کے ساتھ SECP کے Sandbox میں حصہ لیا ہے جہاں Asset Fractionalization Platform کی Testing کی جارہی ہے۔ یہ نیا کاروبار انشاء اللہ مضاربہ کے کاروباری حجم میں اضافہ کا باعث بنے گا۔ اس Testing کے نتائج اگلے کچھ ماہ میں بتدریج سامنے آئیں گے۔

SECP کی جانب سے 15 اگست 2022 کے جاری کردہ ”مضاربہ ریگولیشن“ کے مطابق ایسے تمام مضاربہ جو ڈپازٹس وصول کرتے ہیں، ان کے لئے کاروباری سرمایہ (Capital) کی کم از کم شرط 500 ملین روپے ہوگی، جبکہ مضاربہ کی کم از کم کریڈٹ ریٹنگ ”A“ ہونا ضروری ہوگی، جو انہیں ان ریگولیشن کے لاگو ہونے کے بعد 3 سال کی مدت میں پورا کرنا ہوگا۔ یہ قوانین سرٹیفیکیٹ ہولڈرز میں منافع کی تقسیم پر بھی 3 سال کی پابندی عائد کرتے ہیں۔

مضاربہ کا بورڈ آف ڈائریکٹر زفر سٹ پیراماؤنٹ مضاربہ کی پوری طرح پاسداری کی جائے گی اور بروقت تمام ہی شرائط کو پورا کیا جائے گا۔

مالیاتی نتائج:

مالیاتی نتائج کی تفصیلات درج ذیل ہے:

30 جون 2023 کو ختم ہونے والا سال (رقم روپے)	30 جون 2024 کو ختم ہونے والا سال (رقم روپے)	
26,555,816	59,461,248	دیگر آمدنی اور مالیاتی اخراجات سے پہلے منافع
11,788,671	40,659,604	ٹیکس سے پہلے منافع
6,540,124	28,542,477	ٹیکس کے بعد منافع
0.474	2.070	ای پی سی

کوڈ آف کارپوریٹ گورننس کی تعمیل:

جیسا کہ کوڈ آف کارپوریٹ گورننس آپ کے ڈائریکٹرز کو پورٹ دینے کی ضرورت ہے:

(i) مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حقیقی حالت، اس کے کاموں کے نتائج، نقد اور مساوات میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

(ii) مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

(iii) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

(iv) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی اکاؤنٹنگ معیارات پر عمل کیا گیا ہے۔

(v) اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(vi) مضاربہ مالی طور پر مضبوط ہے اور اس کے جاری رہنے کی قابلیت پر شک کرنے کی کوئی وجہ نہیں ہے۔

(vii) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا ہے جیسا کہ اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں تفصیل سے بتایا گیا ہے۔

(viii) بورڈ آف ڈائریکٹرز میں CEO سمیت کل 7 ڈائریکٹرز ہیں۔

بورڈ کی تشکیل حسب ذیل ہے:

حضرات: 07*

خواتین: 0

ڈائریکٹرز کے نام:

چیرمین	جناب تنویر احمد مغون
چیف ایگزیکٹو	سید وجیح حسن
ڈائریکٹر (30 جولائی 2024 کو مستعفی ہو گئے)	جناب پیر محمد کالیا
ڈائریکٹر	جناب ابرار احمد
ڈائریکٹر	جناب ندیم اقبال
آزاد ڈائریکٹر	جناب ہمایوں مظہر قریشی
آزاد ڈائریکٹر	جناب حبیب احمد نوید

(ix) زیر چارہ سال کے دوران بورڈ آف ڈائریکٹرز کی چار (04) میٹنگیں ہوئیں۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

میٹنگ میں شرکت	میٹنگز کی اہلیت	ڈائریکٹر کے نام
4	4	جناب تنویر احمد مغون، چیرمین
4	4	سید وجیح حسن، چیف ایگزیکٹو
3	4	جناب پیر محمد کالیا، ڈائریکٹر
4	4	جناب ابرار احمد، ڈائریکٹر
4	4	جناب ندیم اقبال، ڈائریکٹر
4	4	جناب ہمایوں مظہر قریشی، آزاد ڈائریکٹر
4	4	جناب حبیب احمد نوید، آزاد ڈائریکٹر

(x) سال کے دوران آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل تھی۔

میٹنگ میں شرکت	میٹنگز کی اہلیت	ڈائریکٹر کے نام
4	4	جناب حبیب احمد نوید، چیر پرسن
3	4	جناب پیر محمد کالیا، ممبر
4	4	سید وجیح حسن، ممبر
4	4	جناب ندیم اقبال، ممبر

(x) سال کے دوران، ایک ہومین ریورسز (HR) میٹنگ ہوئی۔ ہر ممبر کی حاضری حسب ذیل تھی۔

میٹنگ میں شرکت	میٹنگ کی اہلیت	ڈائریکٹر کے نام
1	1	جناب ہمایو قریشی، چیئر پرسن
1	1	جناب تنویر احمد مخون، ممبر
1	1	سید وحیہ حسن، ممبر
1	1	جناب ندیم اقبال، ممبر

ڈائریکٹر معاوضہ:

بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹر کے معاوضے کا تعین فرسٹ پیروماؤنٹ مضاربہ کی طرف سے اختیار کردہ ڈائریکٹر کی معاوضہ پالیسی کے تحت کیا جاتا ہے۔

شرعی ایڈوائزری رپورٹ:

مضاربہ اپنے شرعی مشیر مفتی فرحان فاروق سے رہنمائی حاصل کرتا رہتا ہے اور جب ضرورت پڑتی ہے تو رجسٹرار مضاربہ کی مشاورت سے تیار کردہ شرعی آڈٹ میکانزم کی مکمل تعمیل کو یقینی بنایا جاتا ہے۔

بیرونی آڈیٹرز:

آڈٹ کمیٹی کی سفارش پر بورڈ نے آڈیٹرز میسرز کی تقرری کی منظوری دے دی ہے۔ ریاض احمد اینڈ کمپنی، 30 جون 2024 کو ختم ہونے والے سال کے لیے بطور آڈیٹرز چارٹرڈ اکاؤنٹنٹس، رجسٹرار مضاربہ کی منظوری سے مشروط ہے۔

اعتراف:

انتظامیہ اور بورڈ آف ڈائریکٹرز اس سلسلے میں مسلسل سرپرستی اور رابطہ رکھنے کے لیے خاص طور پر رجسٹرار مدارس، سیکرٹری رٹیز اینڈ ایجنسی کمیشن آف پاکستان، اسلام آباد اور اسٹیٹ بینک آف پاکستان کا شکریہ ادا کرتے ہیں۔

ہم نے اپنے عملے کے ممبران کو بھی تعریفی پیمانہ پر رکھا جنہوں نے واقعی دیے گئے کام کی تکمیل میں اپنی قابلیت کا مظاہرہ کیا۔

بورڈ آف ڈائریکٹرز کیلئے اور اس کی جانب سے

پیروماؤنٹ انویسٹمنٹ لمیٹڈ (PIL) منیجر آف فرسٹ پیروماؤنٹ مضاربہ

تنویر احمد گول

چیئر مین

سید وحیہ حسن

چیف ایگزیکٹو آفیسر

Key Operating & Financial Data

Particulars	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Paid up Capital	119,899,298	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193
Certificate Holders Equity	206,414,825	215,768,010	212,606,944	213,140,985	215,574,162	208,283,126	211,160,259	214,912,246	221,452,371	249,994,848
Current Liabilities	88,724,801	89,490,384	66,711,658	103,055,448	115,966,875	107,858,491	126,082,536	99,165,780	81,205,740	95,806,885
Total Liabilities	253,436,683	294,677,925	253,252,834	231,075,013	251,369,936	238,091,697	245,794,393	251,563,255	228,216,000	274,919,519
Fixed Assets	55,644,542	34,152,161	24,617,224	24,786,815	18,753,478	17,349,264	17,196,015	12,293,712	12,365,685	13,308,344
Current Assets	283,868,951	377,680,851	348,040,978	316,175,993	329,058,362	349,137,811	364,122,055	363,713,823	382,606,770	416,963,077
Total Assets	439,851,508	510,445,965	465,859,778	444,215,971	466,944,098	447,274,823	458,275,227	363,713,822	449,668,431	474,914,367
Operating Profit	11,473,070	14,734,586	8,112,241	12,545,848	13,656,108	7,342,015	8,733,651	17,130,002	13,365,840	46,099,324
Profit before Tax	10,153,667	13,040,109	7,180,218	11,060,928	12,085,098	6,497,384	7,703,080	15,108,661	11,788,671	40,659,604
Taxation	-	-	-	195,939	-	-	-	5,151,884	5,248,547	12,117,127
Profit after Tax	10,153,667	13,040,109	7,180,218	10,864,989	12,085,098	6,497,384	7,703,080	9,956,777	6,540,125	28,542,477
Dividend	8.00%	7.50%	7.00%	7.00%	10.00%	3.50%	4.50%	0.00%	0.00%	0.00%
Bonus Certificate	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Earning per Certificate	1.02	0.95	0.52	0.79	0.88	0.47	0.56	0.72	0.47	2.07
Break-up Value	17.22	15.65	15.42	15.46	15.63	15.11	15.31	15.58	16.06	18.13

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

First Paramount Modaraba ("the Modaraba") managed by Paramount Investments Limited (the Management Company)

For the Year Ended 30 June 2024

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07)* as per the following:

- a. Male: 7
- b. Female: -

* Casual Vacancy occurred in the office of Director on 30 Jul 2024 and the Board has appointed a female director on 31 Jul 2024 and is awaiting approval of Registrar Modaraba, SECP.

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Humayun Mazhar Qureshi Mr. Habib Ahmed Navaid
Non-Executive Directors	Mr. Tanveer Ahmed Magoon Mr. Nadeem Iqbal Mr. Pir Muhammad Kallya * Mr. Abrar Ahmed
Executive Director	Mr. Syed Wajih Hassan (Chief Executive Officer)

* Mr. Pir Muhammad Kallya resigned from the office of Director on 30 Jul 2024 and the Board has appointed a female director on 31 Jul 2024. Approval of her appointment is awaited from Registrar Modaraba, SECP.

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Management Company;
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Out of seven, four Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program. However, remaining directors will attain the certification in due course;
10. The Board has approved appointment of Chief Financial Officer and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Habib Ahmed Navaid	Chairperson
Mr. Nadeem Iqbal	Member
Mr. Pir Muhammad Kalya	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Humayun Mazhar Qureshi	Chairperson
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hasan	Member

c) Risk Management & Credit Committee

Names	Designation held
Mr. Tanveer Ahmed Magoon	Chairperson
Mr. Habib Ahmed Navaid	Member
Mr. Nadeem Iqbal	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

a) Audit Committee

Four quarterly meetings were held during the financial year ended 30 June 2024.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2024.

15. The Board has set up an effective Internal audit function (outsourced to a firm of chartered accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.

16. The statutory auditors of the Management Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Management Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with except of the following:

- Regulations 7 requires that the Board shall have at least one female director when it is reconstituted after the expiry of its current term. In order to comply with this regulation, the Board has already appointed a female director on 31 Jul 2024 and is awaiting approval of Registrar Modaraba, SECP.
- The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are:

Sr No.	Requirement	Explanation of Non-Compliance	Regulation No.
1	Minutes of meeting: The Chairman shall ensure that minutes of the meetings of the Board are kept in accordance with the requirements of section 179 of the Act. During the year, the resolution through circulation was passed but does not noted at subsequent meeting of the board or the committee thereof, as the case may, and made part of minutes of such meeting.	Resolutions through circulation are discussed in subsequent Board Meetings and made part of it. However, it will be ensured that all approved resolutions through circulation are made part of the minutes of subsequent Board Meetings.	12
2	Related party transactions: The details of all related party transactions shall be placed periodically before the audit committee of the company and upon recommendations of the audit committee, the same shall be placed before the Board for review and approval	All related party transactions are placed periodically before the Audit Committee and before the Board for review and approval.	15
3	Qualification of company secretary: The same person shall not simultaneously hold office of Chief Financial Officer and the Company Secretary of a listed company.	Currently, the Chief Financial Officer is acting as a Secretary of Management Company till the position of Company Secretary is fulfilled. The Board will consider appointing Company Secretary for compliance with the requirement of the Regulation.	24
4	Composition of internal audit function: The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer.	The Board has set up an effective internal audit function (outsourced to a firm of chartered accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company. The internal audit function reports directly to the Audit Committee. The Audit Committee, in consultation with the Chief Executive Officer, reviews the performance and other matters of the internal audit function.	31(2)
5	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the functions of nomination committee are being performed by the Human Resource and Remuneration Committee. The Board will consider constituting a separate nomination committee.	29
6	Disclosure of significant policies on website: The company may post key elements of its significant policies, brief synopsis of terms of reference of the board's committees on its website and key elements of the director's remuneration policy.	The Management of the Company will consider placing key elements of its significant policies, brief synopsis of terms of reference of the board's committees on its website.	35
7	Anti-harassment policy: The Board may include anti-harassment policy for protection against harassment at the workplace.	Currently, a comprehensive code of conduct for its employees is adopted by the Board. However, the Board will consider adoption of a separate documented anti-harassment policy to safeguard the rights and well-being of its employees and for protection against harassment at workplace.	10(4)(xvi)

TANVEER AHMED MAGOON
Chairman
Karachi: 03 October 2024

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Paramount Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Paramount Investments Limited ("the Management Company") for the year ended 30 June 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Management Company for the year ended 30 June 2024.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected or not in the paragraph reference where these are stated in the Statement of Compliance:

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Chartered Accountants

Sr. No.	Paragraph reference	Description
(i)	18 (a)	As per regulations 7 of the Regulations, the Board shall have at least one female director when it is reconstituted after the expiry of its current term. However, no female director was elected at the time of election of directors held during the year.
(ii)	18(b)	The number of independent directors appointed is less than the number prescribed by the Regulations 7 i.e., at least two or 1/3 members of the Board, whichever is higher and is not rounded up as one.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 04 OCTOBER 2024
UDIN: CR202410045bw4nfyUdW

Shariah Advisor's Report

I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the financial year ended June 30th 2024, 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. Following were the major developments that took place during the year:
 - a) FPM achieved a significant milestone by receiving the Certificate of Incorporation from the Securities and Exchange Commission of Pakistan (SECP) and establishing a new subsidiary, Paramount Compliance (Private) Limited (PCPL). This subsidiary aims to provide Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Screening Facility services. Notably, the subsidiary is yet to commence commercial business operations.
2. During the year, the Modaraba entered into various financing agreements with clients, utilizing Shariah-compliant products. All agreements were executed on formats approved by the Religious Board, ensuring strict adherence to Islamic principles. Furthermore, all related conditions and requirements have been fully met.
3. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba including the incorporation of Paramount Compliance (Private) Limited (PCPL) and its proposed AML/CFT Screening business 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: October 02, 2024



Mufti Muhammad Farhan Farooq
Shariah Advisor
of First Paramount Modaraba
Managed By Paramount Investments Limited



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

INDEPENDENT AUDITORS' REPORT

To the certificate holders of First Paramount Modaraba

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of First Paramount Modaraba (the Modaraba), which comprise the unconsolidated statement of financial position as at 30 June 2024, and the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of change in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2024 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Modaraba and Paramount Investments Limited (the Modaraba Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 23.1 to the financial statements, which states that the Modaraba is non-compliant with the credit rating and minimum equity requirements as stipulated in Modaraba Regulations, 2021. As more fully disclosed in the afore-said note, the management understands that the compliance period is extended till 14 August 2025. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Riaz Ahmad & Company

Chartered Accountants

Following are the Key audit matters:

S.No	Key Audit Matters	How the matter was addressed in our audit
1.	Cash and Bank Balance and Investments	
	<p>As at 30 June 2024 the Modaraba's total investments amounts to Rupees 21,309 million as disclosed in note 17 and cash and bank balances amounts to Rupees 47,116 million as disclosed in note 19 of the financial statements representing 14.4% of the total assets of the Modaraba.</p> <p>The proper valuation of cash and bank balances and investments for the Modaraba were considered as a high-risk area and therefore, we consider this as a Key Audit Matter (KAM).</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of design effectiveness of the key controls on the cash and bank balances and investments. • Obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2024 and reconciled it with the books and records of the Modaraba. • Re-performed valuation to assess that the investments are carried as per the valuation methodology specified in the accounting policies. • Checked presentation and disclosure as per applicable financial reporting framework.
2.	Income from Murahaba Finance	
	<p>Modaraba earns income from the murabaha financing which is its substantial income source (Refer note 22.1 to the financial statement).</p> <p>During the year, the Modaraba has recognized income of Rupees 14.066 million.</p> <p>We identified income from the murabaha financing as a key audit matter as it is one of the key performance indicators of the Modaraba among Islamic Financing and because of the potential risk that income from the murabaha financing transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the financial statements.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, including the design and implementation of internal controls over recording and processing of murabaha income. • Assessed the appropriateness of the Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards; • Matched customer contracts with the income and repayment schedule, performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period;

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		<ul style="list-style-type: none"> On sample basis, traced the instalments received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations.
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Information other than the unconsolidated financial statements and Auditor's Report thereon

Management of the Modaraba Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba Company for the Unconsolidated Financial Statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurances about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- d) Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- e) Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) no zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 04 OCTOBER 2024
UDIN: AR202410045P7bRtW2TJ

**FIRST PARAMOUNT MODARABA
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	13,102,420	12,071,509
Intangibles	5	205,924	294,176
Long term investment	6	9,980	-
Murabaha financing	7	31,982,963	41,453,148
Diminishing musharaka financing	8	-	400,827
Musharaka financing	9	12,000,000	12,000,000
Loan to employees	10	385,503	577,501
Long-term deposits		264,500	264,500
		57,951,290	67,061,661
CURRENT ASSETS			
Stock in trade		24,102,663	37,779,122
Trade debtors	11	175,324,983	91,409,541
Advances, prepayments and other receivables	12	17,212,171	36,440,620
Modaraba financing	13	-	1,822,314
Short-term murabaha financing	14	-	15,622,491
Current portion of non-current assets	15	57,638,094	75,769,872
Short-term deposit		2,707,194	3,950,000
Accrued profit	16	1,532,576	2,494,612
Sindh sales tax receivable - net		5,914,484	1,326,544
Advance income tax and prepaid levy-net	18	64,106,437	47,580,629
Receivable against sale of Al-Burq		-	1,221,554
Short term investment	17	21,308,669	20,776,415
Cash and bank balances	19	47,115,806	46,413,056
		416,963,077	382,606,770
		474,914,367	449,668,431
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital		250,000,000	250,000,000
25,000,000 certificates of Rupees 10/- each			
Issued, subscribed and paid-up certificate capital	20	137,884,193	137,884,193
Capital reserves	21	89,718,187	61,175,710
Revenue reserves		22,392,468	22,392,468
		249,994,848	221,452,371
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income	22	7,962,634	8,520,320
Certificates of musharaka	23	121,150,000	138,190,000
		129,112,634	146,710,320
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	24	16,373,672	9,098,069
Current portion of deferred income	22	7,139,248	10,399,178
Current portion of certificates of musharaka	23	47,250,000	29,310,000
Certificate of musharaka - matured and payable	25	2,800,000	9,850,000
Accrued profit on certificates of musharaka	26	3,514,280	3,613,638
Unclaimed profit distributions		18,729,685	19,234,855
		95,806,885	81,505,740
		224,919,519	228,216,060
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	27		
		474,914,367	449,668,431

The annexed notes from 01 to 44 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Income from trading operations	28	88,983,786	37,791,060
Income from murabaha financing	22.1	14,065,787	21,365,050
Income from diminishing musharaka financing		108,939	275,112
Income from musharaka financing		1,993,135	3,277,208
		105,151,647	62,708,430
Administration and operating expenses	29	(45,534,739)	(36,161,337)
(Provision) / reversal for doubtful recoveries - net		(155,660)	8,723
Other income	30	8,194,969	5,201,589
		67,656,217	31,757,405
Financial charges	31	(21,556,893)	(18,391,565)
		46,099,324	13,365,840
Modaraba Company's management fee	32	(4,609,932)	(1,336,584)
		41,489,392	12,029,256
Sindh workers' welfare fund		(829,788)	(240,585)
Profit before income tax and levy		40,659,604	11,788,671
Levy	33	(621,877)	(137,014)
Profit before income tax		40,037,727	11,651,657
Income tax expense	34	(11,495,250)	(5,111,532)
Profit for the year		28,542,477	6,540,125
Earnings per certificate	35	2.070	0.474

The annexed notes from 01 to 44 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Profit after income tax		40,037,727	11,651,657
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 year		40,037,727	11,651,657

The annexed notes from 01 to 44 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024**

	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax and levy	40,659,604	11,788,671
Adjustments for non-cash items:		
Depreciation and amortization	2,369,720	2,564,019
Loss / (gain) on disposal of fixed assets	(367,952)	21,669
Provision for Sindh Workers' Welfare Fund	829,788	240,585
Financial charges	21,556,893	18,391,565
Provision / (reversal) for doubtful recoveries - net	155,660	(8,723)
Bad debts written off	3,730,868	1,633,418
Deposit set-off against liability	-	60,000
Operating profit before working capital changes	28,274,977	22,902,533
	68,934,581	34,691,204
(Increase) / decrease in current assets		
Murabaha financing - net	39,803,857	40,306,175
Diminishing Musharaka financing - net	683,764	2,782,842
Musharaka financing - net	3,000,000	11,050,946
Modaraba financing - net	1,822,314	101,068
Loans to employees	173,998	235,999
Long-term deposits	-	-
Stores and spares	13,676,459	(29,098,801)
Trade debtors	(87,646,310)	(23,782,968)
Advances, prepayments and other receivables	19,228,449	(9,211,607)
Short-term deposit	1,242,806	(3,950,000)
Receivable from Al-burq associates	1,221,554	6,092,000
Short Term Investment	(532,254)	(20,776,415)
Accrued profit	962,036	1,697,976
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	6,445,815	4,565,604
Deferred Income	(3,817,616)	(5,667,551)
Net cash generated from operations	65,199,453	9,036,472
Financial charges paid	(52,836)	(56,928)
Income tax and levy paid-net	(33,230,875)	(11,707,181)
Net cash generated from / (used in) operating activities	31,915,742	(2,727,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,634,427)	(2,717,659)
Investment in subsidiary	(9,980)	-
Sale proceed on disposals of fixed assets	690,000	59,999
Addition / deletion in capital work-in progress	-	-
Net cash used in investing activities	(2,954,407)	(2,657,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
Certificate of Musharaka - issuance	26,375,000	23,275,000
Certificate of Musharaka - redemptions	(25,475,000)	(33,275,000)
Paid against matured certificate of musharaka	(7,050,000)	-
Profit paid to certificates of Musharaka (COM) holder	(21,603,415)	(16,919,269)
Profit distributed to certificate holders	(505,170)	(1,900,614)
Net cash used in financing activities	(28,258,585)	(28,819,883)
Net increase / (decrease) in cash and cash equivalents	702,750	(34,205,180)
Cash and cash equivalents at beginning of the year	46,413,056	80,618,236
Cash and cash equivalents at end of the year	47,115,806	46,413,056

The annexed notes from 01 to 44 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST PARAMOUNT MODARABA
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued, subscribed and paid up certificate capital Rupees	Reserves			Total Rupees	
		Capital		Revenue		
		Merger reserve Rupees	*Statutory reserve Rupees	Total Rupees		Unappropriated profit Rupees
Opening Balance as at 01 July 2022	137,884,193	1,935,160	52,700,425	54,635,585	22,392,468	214,912,246
Transaction with certificate holders: Profit distribution for the year ended 30 June 2022	-	-	-	-	-	-
Total comprehensive income: Profit after taxation Other comprehensive income	-	-	-	-	6,540,125	6,540,125
Transferred to statutory reserve @ 100%	-	-	6,540,125	6,540,125	(6,540,125)	-
Balance as at 30 June 2023	137,884,193	1,935,160	59,240,550	61,175,710	22,392,468	221,452,371
Total comprehensive income: Profit after taxation Other comprehensive income	-	-	-	-	28,542,477	28,542,477
Transferred to statutory reserve @ 100%	-	-	28,542,477	28,542,477	(28,542,477)	-
Balance as at 30 June 2024	137,884,193	1,935,160	87,783,027	89,718,187	22,392,468	249,994,848

*The statutory reserve represents profit set aside as required under the Modaraba Regulations, 2021 for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 01 to 44 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

1. LEGAL STATUS AND OPERATIONS

- 1.1** First Paramount Modaraba ("the Modaraba") is a multipurpose, 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 Modaraba), a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on June 26, 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The registered office is situated at Suit No. 107- 108, First Floor, P.E.C.H.S. Community Office Complex, Block 2, Shahrah-e-Quaideen, Karachi, in the province of Sindh.

The Modaraba's principal activities include deployment of funds on murabaha, modaraba and musharaka arrangements and its in-house ventures are:

- (a) Electrical maintenance and troubleshooting services' under the name of "FPM Solutions";
- (b) Chemical business under the name of "FPM Petro Services";

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These unconsolidated financial statements of the Modaraba have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation 2021 and directives issued by the Securities and Exchange Commission of Pakistan (SECP);
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP); and
- Provisions of and directives issued under the Companies Act, 2017.

In case where requirements of International Financial Reporting Standards (IFRS) differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, the Modaraba Regulation, 2021 and directives issued by SECP shall prevail.

During the year, Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 203 (I)/2024 dated February 15, 2024 introduced amendments in Modaraba Companies and Modaraba Rules, 1981, which resulted in change in the nomenclature of the primary heading of the financial statements. The said amendments changed the name from "Balance Sheet" to "Statement of financial position", and "Profit and loss account" to "Statement of profit and loss".

b) Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS 9 'Financial Instrument', wherever applicable.

Permissible Islamic financial products including murabaha, musharaka and modaraba have been used by the Modaraba, the accounting and presentation of the same are in line with the substance of the transactions 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 unconsolidated financial statements.

These unconsolidated financial statements have been prepared on accrual basis of accounting except for cash flow statement.

c) Functional and presentation currency

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

d) Significant accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Modaraba. Further, the Modaraba reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and investment properties with a corresponding effect on the depreciation charge and impairment.

ii) Stock in trade

Stock in trade write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on Stock in trade for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the Stock in trade balances for any such declines.

iii) Income tax and levy

In making the estimates for income tax and levy currently payable by the Modaraba, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

iv) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized, provision is recognised in the statement of profit and loss unless the provision was originally recognised as part of cost of an asset.

vi) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Modaraba is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

vii) Impairment of investments in subsidiaries

In making an estimate of recoverable amount of the Modaraba's investments in subsidiaries, the management considers future cash flows.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Modaraba

Following amendments to published approved accounting standards are mandatory for the Modaraba's accounting periods beginning on or after July 01, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Unconsolidated financial statements' and IFRS Practice Statement 2 'Making Materiality Judgement').
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes').
- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors').
- Amendments to IAS 12 'Income Taxes' - International Tax Reform — Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

f) Amendments to published approved accounting standards that are effective in current year but not relevant to the Modaraba

There are amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or do not have any significant impact on the Modaraba's unconsolidated financial statements and are therefore not detailed in these unconsolidated financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Modaraba

Following standards and amendments to existing standards have been published and are mandatory for the Modaraba's accounting periods beginning on or after July 01, 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Unconsolidated financial statements') effective for the annual period beginning on or after January 01, 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On October 31, 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 01, 2024.

On May 25, 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after January 01, 2024.

Amendments to IFRS 10 'Consolidated Unconsolidated financial statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's unconsolidated financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after January 01, 2025.

IFRS 18 'Presentation and Disclosure in Unconsolidated financial statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit and loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose unconsolidated financial statements to help ensure they provide relevant

information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit and loss; required disclosures in the unconsolidated financial statements for certain profit and loss performance measures that are reported outside an entity's unconsolidated financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary unconsolidated financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the unconsolidated financial statements, but it might change what an entity reports as its 'operating profit and loss'.

The above standards and amendments and improvements are likely to have no significant impact on the unconsolidated financial statements.

h) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Modaraba

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or do not have any significant impact on the Modaraba's unconsolidated financial statements and are therefore not detailed in these unconsolidated financial statements.

2.2 Property and equipment

These are stated at cost less accumulated depreciation and impairments, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. Major renewals and improvements are capitalized while normal replacements, repairs and maintenance are charged to unconsolidated statement of profit and loss.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates mentioned in note (4). Depreciation on additions and disposals during the year is charged from the date asset is available for use while no depreciation is charged from the date asset is disposed. When parts of an item of asset have different useful lives, they are accounted for as separate item in property and equipment. The residual values and useful lives are reviewed at each reporting date and adjusted, if required.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are taken to the unconsolidated statement of profit and loss account currently.

2.3 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized under the reducing balance method at the rate of thirty percent per annum.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.4 Loans to employees

Loans to employees are granted by Modaraba for purchasing of vehicles or for other purposes, as approved by the management on a case to case basis. Loans granted are initially recorded at fair value. Subsequent to initial recognition, these are stated at amortized cost.

2.5 Murabaha financing

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Modaraba and all documents relating to purchase are in customer name. However the profit on that sale revenue not due for payment is deferred by recording a credit to "Deferred Murabaha Income" account.

2.6 Modaraba financing

Modaraba is a kind of partnership where one partner gives money to another for investing it in a commercial enterprise. The investment comes from the first partner who is called "rabb-ul-mal" (here FPM), while the management and work is an exclusive responsibility of the other, who is called "mudarib" and the profits generated are shared in a predetermined ratio. Modaraba receivable are reflected at principal amount.

2.7 Musharaka financing

Musharaka is an agreement between two or more parties to combine their assets, labour or liabilities for the purpose of making profit. Modaraba is dealing in the following forms of Musharaka.

a) Diminishing musharaka

In diminishing musharaka based financing, the Modaraba enters into a Musharaka based on Shirkat-ul-mulk (Joint arrangement) for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into yearic profit payments agreement for the utilization of the Modaraba's Musharaka share by the customer. The customer with each rental payments also purchases Modaraba's Musharaka share by paying additional amount and therefore becomes the sole owner of the subject asset at the maturity of the diminishing musharaka.

b) Musharaka financing

Modaraba enters into financing with customers based on Shirkat-ul-aqd (contractual partnership) in customers' operating business. Under this mechanism, the customer can withdraw and return funds to the Modaraba subject to his running musharaka financing limit during the musharaka year. The customer pays the provisional profit which is subject to final settlement based on the actual results of the business / transaction.

2.8 IFRS 9 "Financial instruments"

Investments and other financial assets

a) Classification

The Modaraba classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Modaraba's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Modaraba has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Modaraba reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Modaraba measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Modaraba's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Modaraba classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit and loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in the statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to statement of profit and loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit and loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in the

statement of profit and loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Modaraba subsequently measures all equity investments except for investment in subsidiary at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Modaraba's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit and loss as applicable.

Dividends from such investments continue to be recognized in statement of profit and loss as other income when the Modaraba's right to receive payments is established.

Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also included in statement of profit and loss.

i) Impairment of financial assets

The Modaraba assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Modaraba applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba applies, it is recognized as higher of (on customer basis):

- the provision required under the Modaraba Regulations, 2021; and
- the provision required under IFRS 9 using the expected credit loss (ECL) model..

Loss allowance on advances and bank balances is measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances. The Modaraba is also not expecting a material impact on loan to employees and deposits.

ii) De-recognition

a) Financial assets

The Modaraba derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Modaraba is recognized as a separate asset or liability.

b) Financial liabilities

The Modaraba derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the Modaraba intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.9 Investment in subsidiary company

Investments in subsidiaries are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash and balances with banks in current and deposit accounts and investments with short term maturity.

2.11 Stock in trade

Stock in trade is valued at lower of net realizable value or cost. Cost of items of stores and spares is determined as invoice value plus other charges accrued thereon to the balance sheet date. Provision is made annually in the unconsolidated financial statements for slow moving and obsolete items if required.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated costs necessarily to be incurred to make the sale.

2.12 Trade debtors and other receivables

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts as per expected credit losses model (ECL) as required by IFRS 9 as at year end date.

2.13 Joint Operations (Musharaka arrangements)

The Modaraba has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are predetermined by the participants, such that the Musharik has no significant independence to pursue its own strategies.

The unconsolidated financial statements of the Modaraba include its prorata share of assets, liabilities, revenues and expenses in joint operation and are accounted for on the basis of profit statements.

2.14 Statutory reserve

Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP vide S.R.O. 284(I)/2021 dated March 05, 2021. These Regulations require Modaraba which is not compliant with minimum equity requirements as provided in the regulations, shall create reserve fund to which shall credit an amount equivalent to 100% of its annual after-tax profit till such time the minimum equity requirements are complied with. During the year, the Modaraba transferred 100% of its after tax profit.

2.15 Certificates of musharaka

Certificates of musharaka are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost.

Profit on these arrangements is recognized as expense in the year in which they are incurred and is accounted for on the basis of projected profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each quarter after determination of actual profit.

2.16 Creditors and other liabilities

Creditors and other liabilities are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

2.17 Impairment

a) Non financial assets

The Modaraba assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to lower of revised recoverable amount or initial cost of asset less accumulated depreciation (if any) to date. Reversal of impairment loss is recognized as income.

b) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Modaraba is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Modaraba follows the below steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Modaraba satisfies a performance obligation

For each sale transaction, purchase order forms a contract between the Modaraba and a customer and the goods to be delivered under that contract are the Modaraba's identified performance obligation, the contract contains determined and allocated transaction price. The Modaraba satisfies a performance obligation on delivery of goods to the customer and recognises the revenue.

- Profit / return on deposits / investments is recognized using tentative profit rates.
- Income from Murabaha is accounted for on finalization of Murabaha transaction. However, profit on that portion of revenue not due for payment (deferred murabaha income) is deferred and recognized on time proportionate basis.
- Musharaka management fee is recognized when related services are provided.
- Rental income from generators is recognized on time proportionate basis.
- Profit on diminishing musharaka financing is recognized using tentative profit rates.
- Profit on musharaka financing is recognized on declaration of profit by musharaka partners on accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.
- Dividend income is recognized when the right to receive the dividend is established.

2.18 Income tax expense and levy

Current

Provision for current tax and levy is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit and loss. The charge for current tax also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regimes to be shown separately as a levy instead of showing it in current tax.

Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit and loss. This change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of changes in equity, the statement of cash flows and earning per certificate as a result of this change. The change resulted in following reclassification of corresponding figures:

30 JUNE 2024			30 JUNE 2023		
Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy
Amount in Rupees					

Effect on statement of profit and loss						
Profit before income tax	40,659,604	(621,877)	40,037,727	11,788,671	(137,014)	11,651,657
Levy - final tax	-	(621,877)	(621,877)	-	(137,014)	(137,014)
Income tax expense	(12,117,127)	621,877	(11,495,250)	(5,248,546)	137,014	(5,111,532)
Effect on statement of financial position						
Advance income tax	64,106,437	-	64,106,437	47,580,629	-	47,580,629
Prepaid levy	-	-	-	-	-	-

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax base used in computation of the taxable profit.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in statement of the profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit and loss as these levies fall under the scope of IFRIC 12/IAS 37.

2.19 Operating segments

An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Modaraba's other components. All operating segments' operating results are reviewed regularly by the Management Modaraba's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In review and evaluation performance process, the business is considered as a single operating segment and the Modaraba's business is evaluated on an overall basis other than musharaka arrangement with joint venture partner which is monitored separately.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, administrative expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire Property and equipment and intangible assets other than goodwill.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these unconsolidated financial statements are set out below for ease of user's understanding of these unconsolidated financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are charged to profit and loss account currently.

3.2 Employee benefits

a) Defined contribution plan

The Modaraba operates approved funded contributory provident fund scheme for all its employees. Equal monthly contributions are made both by the Modaraba and the employees at the rate of 8.33% percent per annum of the basic salary.

b) Compensated absences

The Modaraba accounts for the liability in respect of employees' compensated absences in the year in which they are earned.

3.3 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.4 Profit distributions and appropriations

Profit distributions are recognized as a liability in the unconsolidated financial statements in the year in which these are approved. Transfers to statutory reserve and the mandatory appropriations as may be required by law are recognized in the year to which these relate.

3.5 Earnings per certificate (EPC)

The Modaraba presents basic and diluted earnings per certificate (EPC) data for its certificate. Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

30 JUNE 2023						
	Generators - Own use	Computers	Office and other equipment	Furniture and fixtures	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2022						
Cost	331,718	1,652,549	3,072,174	3,387,248	11,002,587	19,446,276
Accumulated depreciation	(250,048)	(1,447,858)	(1,938,198)	(2,238,906)	(1,697,804)	(7,572,814)
Net book value	81,670	204,691	1,133,976	1,148,342	9,304,783	11,873,462
Year ended 30 June 2023						
Opening net book value	81,670	204,691	1,133,976	1,148,342	9,304,783	11,873,462
Disposals at						
- Cost	-	-	(176,425)	-	-	(176,425)
- Accumulated depreciation	-	-	94,757	-	-	94,757
Transferred - at net book value	-	-	(81,668)	-	-	(81,668)
Additions - at cost	-	369,400	1,086,313	1,191,626	70,320	2,717,659
Depreciation charge	(8,167)	(126,430)	(226,583)	(205,650)	(1,871,114)	(2,437,944)
Net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509
As at 30 June 2023						
Cost	331,718	2,021,949	3,982,062	4,578,874	11,072,907	21,987,510
Accumulated depreciation	(258,215)	(1,574,288)	(2,070,024)	(2,444,556)	(3,568,918)	(9,916,001)
Net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509
Rate of depreciation (%)	10	30	10-20	10	20	

	Note	2024 Rupees	2023 Rupees
5. INTANGIBLES - Computer Software			
As at 01 July			
Cost		2,976,738	2,976,738
Accumulated amortization		(2,682,562)	(2,556,487)
Net book value		294,176	420,251
Year ended 30 June			
Opening net book value		294,176	420,251
Amortization charge for the year		(88,252)	(126,075)
Net book value		205,924	294,176
As at 30 June			
Cost		2,976,738	2,976,738
Accumulated amortization		(2,770,814)	(2,682,562)
Net book value		205,924	294,176
Rate of amortization (%)		30	30
6. LONG-TERM INVESTMENT			
In subsidiary- at cost			
Investment in Paramount Compliance (Private) Limited	6.1	9,980	-
6.1 During the reporting period, the Modaraba has subscribed 998 ordinary shares of Paramount Compliance (Private) Limited, representing 99.8% of the share capital of Paramount Compliance (Private) Limited.			
7. MURABAHA FINANCING - SECURED			
Considered good		75,462,003	99,799,029
Considered doubtful		2,115,568	2,388,324
		77,577,571	102,187,353
Less: Provision for doubtful recoveries	7.1	(2,115,568)	(2,388,324)
		75,462,003	99,799,029
Less: Current portion of murabaha financing		(43,479,040)	(58,345,881)
		31,982,963	41,453,148
7.1 Movement in provision for doubtful recoveries			
Balance as at 01 July		2,388,324	2,506,985
Charge for the year		367,425	-
Reversal made during the year		(640,181)	(118,661)
		(272,756)	(118,661)
Balance as at 30 June	7.4	2,115,568	2,388,324
7.2 The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred along with 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 373.947 million (2023: Rupees 505.531 million) in aggregate.			

7.3 These facilities have various maturity dates up to 16 May 2027. Effective profit rate on these arrangements ranges from 18% to 26% (2023: 18% to 24%).

7.4 As fully explained in note 2.9 the Modaraba also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, it is recognized as higher of the provision required under the Modaraba Regulations, 2021 and the provision required under IFRS 9 using the expected credit loss (ECL) model.

7.5 Contractual installments receivable on Murabaha financing facilities:

	Principal Rupees	Profit Rupees	Total Rupees
2024			
Overdue	2,115,568	-	2,115,568
Due within one year	36,339,792	7,139,248	43,479,040
Due after one year but within five years	22,584,921	9,398,042	31,982,963
Due after five years	-	-	-
	61,040,281	16,537,290	77,577,571

	Principal Rupees	Profit Rupees	Total Rupees
2023			
Overdue	2,388,324	-	2,388,324
Due within one year	48,959,319	9,386,562	58,345,881
Due after one year but within five years	30,153,906	11,299,242	41,453,148
Due after five years	-	-	-
	81,501,549	20,685,804	102,187,353

7.6 The above except for overdue balance represents installments receivable by the Modaraba in future years in respect of Murabaha financing facilities given under long-term arrangements.

8. DIMINISHING MUSHARAKA FINANCING- SECURED	Note	2024 Rupees	2023 Rupees
Considered good		-	683,764
Less: Current portion of diminishing musharaka financing		-	(282,937)
		-	400,827

8.1 This represents financing provided to individual under diminishing musharaka arrangement for purchase of building. The effective profit rate on this arrangement is : Nil (2023: 22.8%) per annum. The financing is secured by mortgage of properties of the borrower. The combined forced sales value (FSV) of the underlying assets as security is : Nil (2023: Rupees 5.856 million) in aggregate.

8.2 Contractual rentals receivable on Diminishing Musharaka financing facilities are as follows:

Due within one year	-	282,937
Due after one year but within five years	-	400,827
	-	683,764

9. MUSHARAKA FINANCING - SECURED	Note	2024 Rupees	2023 Rupees
Musharaka agreements for:			
Considered good:			
Food products	9.1	12,000,000	12,000,000
Microsoft power project	9.2	-	2,500,000
		12,000,000	14,500,000
Considered doubtful:			
Books printing - II	9.3	13,949,054	14,449,054
Less: Provision for doubtful recoveries	9.5	-	-
		25,949,054	28,949,054
Less: Current portion of musharaka financing		(13,949,054)	(16,949,054)
		12,000,000	12,000,000
9.1 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 Musharaka partner and profit on investment is shared in the ratio of 35:65 (2023: 35:65) between Modaraba and Musharaka partner respectively. This financing is secured by way of mortgage of property.			
9.2 During the prior year, the Modaraba entered into a Musharaka arrangement amounting to Rupees 2.5 million for a Microsoft SharePoint project as the Musharaka partner. This arrangement was fulfilled in the prior year, and in the current year, the Modaraba has fully recovered the financing from the Musharaka partner.			
9.3 During the preceding years, 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 in the ratio of 64.09:35.91 (2023: 64.09:35.91) between Modaraba and the Musharaka partner respectively. The financing is secured by way of mortgage of immoveable property. This arrangement was fulfilled in prior years and the Modaraba is in process to recover the financing as per agreement, from the Musharaka partner.			
9.4 The combined forced sales value (FSV) of the underlying assets as security against musharaka financing amounts to Rupees 105.140 million (2023: Rupees 80.949 million) in aggregate.			
9.5 No provision has been recognized due to the availability of the forced sale value benefit of the collateral held as security against financing. Furthermore, as fully explained in note 2.9 the Modaraba also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, as per the ECL model under IFRS 9, the impairment impact is materially same to the provisioning requirements under Modaraba Regulations, 2021.			
9.6 Contractual installments receivable on Musharaka financing facilities:			
Due within one year		13,949,054	16,949,054
Due after one year		12,000,000	12,000,000
		25,949,054	28,949,054
10. LOAN TO EMPLOYEES - SECURED			
Loan to employees		595,503	769,501
Less: Current portion of loan to employees		(210,000)	(192,000)
		385,503	577,501
10.1 This represents profit free personal loans provided to employees of Modaraba ranging from Rupees 0.03 million to Rupees 0.5 million. These are repayable over a maximum period of 10 years and secured against their provident fund balance. The fair value adjustment in accordance with requirements of IFRS- 9 "Financial Instruments" in respect of long term loan is not considered material and hence not recognized.			

11. TRADE DEBTORS - UNSECURED	Note	2024 Rupees	2023 Rupees
Considered good		175,324,983	91,409,541
Considered doubtful		469,825	4,441,612
	11.1	175,794,808	95,851,153
Less: Allowances for expected credit loss			
Balance as at 01 July		4,441,612	4,331,674
Recognized during the year		428,416	109,938
Bad debts written off during the year		(4,400,203)	-
Balance as at 30 June		469,825	4,441,612
		175,324,983	91,409,541

11.1 Ageing analysis of trade debtors are as follows:

Not yet due	164,972,809	87,614,237
Upto 30 days	4,290,308	3,552,834
31 to 90 days	6,112,191	36,270
91 days to 180 days	-	302,701
More than 180 days	419,500	4,345,111
	175,794,808	95,851,153

12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Due from associated undertakings	12.1	79,885	6,893,714
Advance against purchase of stock		-	17,400,297
Advance against expenses		35,029	948,709
Advance against salaries	12.2	58,000	19,000
Short-term prepayments		704,364	659,732
Due from AML project	12.3	14,754,723	8,693,703
Other receivables	12.4	1,580,170	1,825,465
		17,212,171	36,440,620

12.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 0.080 million (2023: Rupees 7.047 million).

12.2 The maximum aggregate amount due from officers and employees at the end of any month during the year was Rupees 0.200 million (2023: Rupees 0.199 million).

12.3 This includes operational expenses borne by the Modaraba on behalf of the AML project. The Modaraba has entered into an arrangement with an individual to engage in a business segment under the name and style of "FPM AML/CFT Solutions," serving the corporate and financial sector. The Modaraba is responsible for managing the project's operations as the "Modarib" and may temporarily advance upto Rupees 16 million to the project, while the other party is responsible for investing in the project as the "Raab-ul-Maal." The net profit from this contract is shared between the Modarib and Raab-ul-Maal in a ratio of 65:35. The movement in balance due to / (from) AML project is as under:

Opening balance as at 1 July	8,693,703	1,756,617
Add: Payments made during the year on behalf of project	23,242,478	11,889,671
Less: Recovered from the project	(17,181,458)	(4,952,585)
Balance as at 30 June	14,754,723	8,693,703

The AML project has consistently incurred losses since its inception. In adherence to the Islamic principle of Modaraba financing, these losses shall be borne by the Raab-ul-Maal. Consequently, no loss have been recorded in the Modaraba's books.

- 12.4** This includes Rupees 1.2 million deducted directly from the bank account of the Modaraba on the instruction of the Federal Board of Revenue (FBR) vide letter no. CIR/Zone-1/CRTO/KHI/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. (refer Note 27).

13. MODARABA FINANCING - SECURED & CONSIDERED DOUBTFUL

Balance as at 01 July	1,822,314	1,923,382
Less: Recovered during the year	(1,822,314)	(101,068)
Balance as at 30 June	-	1,822,314
Less: Provision for doubtful recoveries	-	-
	-	1,822,314

- 13.1** In the prior year the Modaraba signed and fulfilled 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 was secured by way of mortgage of property. In the current year full amount of financing is recovered by Modaraba.

14. SHORT-TERM MURABAHA FINANCING - SECURED

Considered good	-	13,775,122
Considered doubtful	-	1,847,369
	-	15,622,491
Less: Provision for doubtful recoveries	-	-
	-	15,622,491

- 14.1** During the year all of the short term murbaha financing arrangements have been completely settled. Effective profit on these arrangements ranged from 11% to 14% per annum received on agreed terms during the year.

15. CURRENT PORTION OF NON-CURRENT ASSETS

Current portion of murabaha financing	7	43,479,040	58,345,881
Current portion of diminishing musharaka financing	8	-	282,937
Current portion of musharaka financing	9	13,949,054	16,949,054
Current portion of loans to employees	10	210,000	192,000
		57,638,094	75,769,872

16. ACCRUED PROFIT

Profit receivable on musharaka financing	949,377	2,200,372
Profit receivable on diminishing musharaka financing	-	14,223
Profit receivable on bank deposits	583,199	280,017
	1,532,576	2,494,612

17. SHORT TERM INVESTMENT

At fair value through profit or loss

Pak Qatar-daily dividend plan	17.1	21,308,669	20,776,415
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17.1 Movement in short term investment

Opening investment	20,776,415	-
Add: Purchase during the year	-	20,000,000
Add: Profit Reinvested (Dividend-net of tax)	3,532,254	776,415
Less: Redemption during the year	(3,000,000)	-
Closing investment (213,087 units)	21,308,669	20,776,415

18. ADVANCE INCOME TAX AND PREPAID LEVY-NET

Advance income tax-net

Advance income tax	18.1	74,987,763	51,599,370
Less: Provision for taxation		(10,881,326)	(4,018,741)
		64,106,437	47,580,629

Prepaid levy-net

Prepaid levy		621,877	137,014
Less: Levy payable		(621,877)	(137,014)
		-	-
		64,106,437	47,580,629

18.1 This includes an amount of Rupees 46.96 million (2023: Rupees 37.83 million) refundable from Federal Board of Revenue (FBR) as per Income Tax Returns filed for relevant tax years.

2024 **2023**

19. CASH AND BANK BALANCES

Cash in hand		87,672	70,148
Cash at banks			
- Current accounts	19.1	9,130,126	11,972,070
- Deposit accounts	19.2 & 19.3	37,898,008	34,370,838
		47,115,806	46,413,056

19.1 This include Rupees 0.563 million (2023: Rupees 0.757 million) in respect of FPM-AML project. (refer Note 11.3).

19.2 This includes Rupees 5.166 million (2023: Rupees 7.468 million) in respect of Redemption Reserve Fund established on account of Certificate of Musharaka.

19.3 These carries profit rate in respect of deposit accounts ranging from 11.010% to 21.550% (2023: 4.76% to 12.18%) per annum.

20. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

2024	2023		2024	2023
(Number of certificates)			Rupees	Rupees
11,989,930	11,989,930	Certificates of Rupees 10 each fully paid in cash.	119,899,298	119,899,298
1,798,490	1,798,490	Bonus certificates issued of Rupees 10 each.	17,984,895	17,984,895
13,788,420	13,788,420		137,884,193	137,884,193

20.1 As at June 30, 2024, Paramount Investments Limited (the Management Company) holds 14.26% (2023: 14.26%) representing 1,965,768 certificates (2023: 1,965,768 certificates) of the Modaraba.

21. CAPITAL RESERVES

Statutory reserve	21.1	87,783,027	59,240,549
Merger reserve	21.2	1,935,160	1,935,160
		89,718,187	61,175,709

21.1 Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP vide S.R.O. 284(I)/2021 dated March 05, 2021. These Regulations require Modaraba which is not compliant with minimum equity requirements as provided in the regulations, shall create reserve fund to which shall credit an amount equivalent to 100% of its annual after-tax profit till such time the minimum equity requirements are complied with. During the year, the Modaraba transferred 100% of its after tax profits amounting to Rupees 28.54 million (2023: Rupees 6.54 million).

21.2 In accordance with decision of the Honourable High Court of Sindh as on December 08, 2004, the First National Modaraba (FNM) was merged with the Modaraba. The Modaraba received a sum of Rupees 10.568 million from FNM, including Rupees 8.663 million as a certificate capital and Rupees 1.935 million as capital reserve.

22. DEFERRED INCOME	Note	2024 Rupees	2023 Rupees
Deferred murabaha income	22.1	15,101,882	18,919,498
		15,101,882	18,919,498
Less: Current portion of deferred income		(7,139,248)	(10,399,178)
		7,962,634	8,520,320

22.1 Deferred murabaha income

Balance as at 01 July	18,919,498	24,587,049
Add: Deferred income for the year	10,736,820	15,697,499
Less: Income recognized during the year	(14,065,787)	(21,365,050)
Less: Transferred to suspense income	(488,649)	-
Balance as at 30 June	15,101,882	18,919,498

23. CERTIFICATES OF MUSHARAKA

Balance as at 01 July	167,500,000	177,500,000
Issued during the year	26,375,000	23,275,000
Redeemed during the year	(25,475,000)	(33,275,000)
	168,400,000	167,500,000
Less: current portion of certificates of musharaka	(47,250,000)	(29,310,000)
Balance as at 30 June	121,150,000	138,190,000

23.1 In accordance with the Prudential Regulations for Modarabas issued by the SECP through S.R.O. 284(I)/2021 dated March 5, 2021, the authority to issue Certificates of Musharaka (COM) by a Modaraba will be automatically suspended if the Modaraba becomes non-compliant with any of the conditions outlined in Regulation 19 of the Prudential Regulations. However, existing Modarabas with valid permissions to issue COM, which are non-compliant, are required to achieve compliance within one year of the effective date of these regulations provided that, during this one-year interim period, the total COM of such Modarabas will be capped at the existing level, i.e., the outstanding balance as of the date the regulations came into force.

On August 15, 2022, the SECP, via S.R.O. 1547(I)/2022, amended these regulations. These amendments extend the compliance period to three years in cases of non-compliance with the conditions outlined in Regulation 17(1) subject to certain conditions. The Modaraba, based on legal advice, understands that the compliance period for Regulation 19 is also considered as extended to 3 years given the conditions of Regulation 19 are that of Regulation 17(1).

As of the reporting year-end, the Modaraba remains non-compliant with the credit rating and minimum equity requirements stipulated in Regulation 17 and 19 respectively. The management, however, maintains that the deadline for full compliance is August 14, 2025, based on the amendments introduced on August 14, 2022, which modified the compliance timeline. This interpretation is further supported by the conduct of the regulator and aligns with the legal principle of "Non-Retroactivity." The management is confident to comply with the requirements within the extended compliance date i.e. August 14, 2025.

23.2 These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 8.5% to 14.5% (2023: 7% to 12%) per annum.

23.3 A Redemption Reserve Fund is established on account of Certificate of Musharaka (refer Note 19.2).

24. CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2024 Rupees	2023 Rupees
Due to associated undertakings		286,837	-
Creditors		4,314,680	1,190,140
Accrued expenses		1,843,534	1,479,324
Sindh workers' welfare fund		2,510,191	1,680,403
Withholding income tax		3,287,505	1,920,996
Share of modarib payable under FPM petro		1,915,687	1,591,369
Payable to provident fund		-	136,009
Others		2,215,238	1,099,828
		16,373,672	9,098,069

25. This represents amount payable to legal successors of musharaka holders which is due but unclaimed due to pending documentation on death of the respective musharaka holders.

26. ACCRUED PROFIT ON CERTIFICATES OF MUSHARAKA

Balance as at 01 July	3,613,638	2,198,270
Add: Accrued during the year	21,504,057	18,334,637
Less: Paid during the year	(21,603,415)	(16,919,269)
Balance as at 30 June	3,514,280	3,613,638

27. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Name of the court, agency or authority	Description of the proceedings and relief sought	Principle Parties	Date instituted
i Commissioner Inland Revenue	During the prior year, the Sindh Revenue Board (SRB) has raised accumulated demand of Rupees 7.064 million 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 Assistant Commissioner of Sindh Revenue Board (SRB) after providing opportunity of being heard to Modaraba, issued order vide 915 dated 27 April 2022, whereby the Commissioner demanded the sales tax and penalty amounting to Rupees 7.56 million and 0.708 million respectively for the tax periods July 2011 to June 2017 on account of non-chargeability of Sindh Sales Tax against rental income of the modaraba. The modaraba has filed appeal before the Commissioner Appeals - SRB and did not record any provision for this matter, as their tax advisor is confident that the pending appeal will be decided in the modaraba's favour.	Sindh Revenue Board and Modaraba	19-Jul-19

Name of the court, agency or authority	Description of the proceedings and relief sought	Principle Parties	Date instituted	
ii	Commissioner Inland Revenue	An amount of Rupees 1.2 million has been deducted from the bank account of the Modaraba on the instructions of the FBR vide letter #CIR/Zone-1/CRT0/Khi/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. The matter was taken to Commissioner Inland Revenue (Appeal III), Karachi who remanded back the case to the officer with directions to provide an opportunity of being heard to the Appellant. The worthy Commissioner in its Order vide no. 26/2017 dated 26 January 2017 has remanded the matter to the revenue. Management is confident that the deducted amount will be refunded, therefore, no expense has been booked in this regard.	Sindh Revenue Board and Modaraba	15-Dec-16

b)	Commitments	Note	2024 Rupees	2023 Rupees
	There were no commitments outstanding as at the reporting date (2023: Nil).			
	Letter of Guarantees		<u>124,300</u>	<u>317,500</u>
28.	INCOME FROM TRADING OPERATIONS			
	Income from:			
	- FPM Petro	28.1	86,884,917	31,602,424
	- FPM Solution	28.2	2,098,869	6,188,636
			<u>88,983,786</u>	<u>37,791,060</u>
28.1	Income from FPM petro			
	Revenue - net	28.1.1	548,977,083	282,218,779
	Less: Direct costs			
	Cost of sales	28.1.2	410,616,724	229,741,862
	Transportation charges		3,580,888	3,753,650
	Labour charges		1,926,712	1,040,658
	Lab testing		189,850	123,275
	Share of modarib		45,777,992	15,956,910
			<u>462,092,166</u>	<u>250,616,355</u>
			<u>86,884,917</u>	<u>31,602,424</u>
28.1.1	This represents revenue (net of sales tax) generated from chemical business of FPM Petro Services. Sales tax charged on sales tax invoices issued during the year in aggregate amounted to Rupees 99.44 million (2023: 50.2 million).			
28.1.2	Cost of sales			
	Opening stock		37,779,122	8,680,322
	Purchases		396,940,265	258,840,662
	Less: closing stock		(24,102,663)	(37,779,122)
	Cost of sales		<u>410,616,724</u>	<u>229,741,862</u>

28.2 Income from FPM solution	Note	2024 Rupees	2023 Rupees
Revenue - net	28.2.1	3,974,177	15,276,583
Less: cost of revenue		1,875,308	9,087,947
		2,098,869	6,188,636

28.2.1 This represents revenue (net of Sindh Sales Tax on Services) generated from Project Power solution business of FPM Solutions. This includes income from Service Level Agreements (SLA) entered into by FPM Solutions with the client to provide services in respect of stand by generators, UPS and other power back up solutions. Sindh sales tax on services charged on sales tax invoices issued during the year in aggregate amounted to Rupees 0.424 million (2023: 2.050 million).

29. ADMINISTRATION AND OPERATING EXPENSES

Salaries, allowances and benefits	29.1	18,859,762	16,501,165
Utilities		2,338,144	1,412,749
Repairs and maintenance		593,498	472,590
Takaful		609,676	339,138
Rent, rates and taxes	29.2	2,597,253	2,341,224
Travelling and conveyance		5,057,948	3,158,255
Communications		1,209,488	654,448
Printing and stationery		407,950	452,381
Auditors' remuneration	29.3	840,000	708,750
Legal and professional		427,360	460,000
Fees and subscriptions		4,809,236	4,599,246
Bad debts written-off		3,730,868	1,633,418
Stock in trade- written off		113,480	-
News papers and periodicals		9,560	11,955
Advertisement and publicity		36,000	122,500
Depreciation and amortization		2,369,720	2,564,019
Loss on disposal of fixed asset		-	21,669
Others		1,524,796	707,830
		45,534,739	36,161,337

29.1 Salaries, allowances and benefits include 0.639 million Rupees (2023: Rupees 0.548 million) on account of the Modaraba's contribution to the staff provident fund.

29.2 This includes Rupees 1.053 million charge by director (2023: Rupees 0.933 million) in respect of rent for office premises.

29.3 Auditors' remuneration

Statutory audit fee	504,815	493,500
Half yearly review fee	118,148	115,500
Certification fee	102,037	99,750
Consolidation fee	115,000	-
	840,000	708,750

30. OTHER INCOME	Note	2024 Rupees	2023 Rupees
Financial assets - shariah compliant			
Profit on bank deposits		3,681,168	3,794,062
Dividend income		4,145,849	913,429
Others		-	494,098
Non-financial assets			
Others		367,952	-
		<u>8,194,969</u>	<u>5,201,589</u>
31. FINANCIAL CHARGES			
Profit on certificates of musharaka		21,504,057	18,334,637
Bank charges		52,836	56,928
		<u>21,556,893</u>	<u>18,391,565</u>
32. MODARABA COMPANY'S MANAGEMENT FEE			
<p>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 year ended 30 June 2024 has been recognized at 10% (2023: 10%) of profit for the year.</p>			
33. LEVY			
Final tax	33.1	<u>621,877</u>	<u>137,014</u>
<p>33.1 This represents portion of final tax paid under section 150 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.</p>			
34. INCOME TAX EXPENSE			
Current			
for the year		10,881,326	4,018,741
for prior year		613,924	1,092,791
		<u>11,495,250</u>	<u>5,111,532</u>
Deferred	34.1	-	-
		<u>11,495,250</u>	<u>5,111,532</u>
Relationship between income tax expense and accounting profit			
Profit before income tax		<u>40,037,727</u>	<u>11,651,657</u>
Tax @ 29% (2023: 29%)		11,610,941	3,378,981
Effect of:			
Accelerated depreciation		24,292	346,475
Provision for expected credit loss		35,581	503,714
Prior year		613,924	1,092,791
Other computational adjustments		(789,488)	(210,429)
		<u>11,495,250</u>	<u>5,111,532</u>

34.1 DEFERRED TAX (ASSET) / LIABILITY	Note	2024 Rupees	2023 Rupees
Deferred tax asset comprises of:			
(Deductible) temporary differences on:			
Murabaha financing		(177,621)	(180,385)
Musharaka financing		-	-
Trade debtors		(122,693)	(1,288,067)
Creditors, accrued and other liabilities		(1,514,043)	-
		(1,814,356)	(1,468,453)
Deferred tax liability comprises of:			
Taxable temporary differences on:			
Property and equipment		594,985	997,938
		(1,219,371)	(470,515)
Unrecognized deferred tax asset	34.2	1,219,371	470,515
As at 30 June		-	-

34.2 Deferred tax asset as at June 30, 2024 to the extent of Rupees 1.219 million (June 30, 2023: 0.471 million) has not been recognized as the Modaraba is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

35. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Profit for the year (RUPEES)	28,542,477	6,540,125
Weighted average number of certificates (NUMBERS)	13,788,420	13,788,420
Earnings per certificate - basic and diluted (RUPEE)	2.070	0.474

35.1 There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2024 (2023: Nil) which would have any effect on the earnings per certificate if the option to convert is exercised.

36. CHANGES ARISING FROM FINANCING ACTIVITIES

2024	01 July 2023	Financing cash inflows	Financing cash outflows	Non Cash changes	30 June 2024
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	19,234,855	-	(505,170)	-	18,729,685
Accrued profit on certificates of musharaka	3,613,638	-	(21,603,415)	21,504,057	3,514,280
COM matured parties	9,850,000	-	(7,050,000)		2,800,000
Certificates of musharaka	167,500,000	26,375,000	(25,475,000)	-	168,400,000

2023	01 July 2022	Financing cash inflows	Financing cash outflows	Non Cash changes	30 June 2023
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	21,135,469	-	(1,900,614)	-	19,234,855
Accrued profit on certificates of musharaka	2,198,270	-	(16,919,269)	18,334,637	3,613,638
COM matured parties	1,850,000	-	-	8,000,000	9,850,000
Certificates of musharaka	177,500,000	23,275,000	(33,275,000)	-	167,500,000

37. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2024		2023	
	Officers	Other employees	Officers	Other employees
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,833,219	8,507,924	5,611,440	7,643,425
Allowances	785,694	2,123,248	790,288	973,910
Provident fund	307,451	331,662	280,572	267,433
EOBI	14,520	238,180	52,800	116,940
Others	2,387	715,477	5,250	759,107
	6,943,271	11,916,491	6,740,350	9,760,815
Number of person	4	13	4	15

37.1 Three (3) officers are provided free use of the Company's cars including fuel and insurance.

37.2 No remuneration paid to the directors of the Modaraba Management Company during the year (2023: Nil).

38. TRANSACTION WITH RELATED PARTIES

The related parties comprise of management company, associated undertakings and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship with Modaraba	Name of Related Party	Basis of relationship	Nature of transaction	2024 Rupees	2023 Rupees
i. Management Company	Paramount Limited	Investments 14.26% certificate holdings	Management fee including sale tax on fee	5,209,223	1,510,340
ii. Directors and their spouse	-	-	Payments made during the year	3,436,561	2,995,904
			Rent paid	1,856,864	1,585,011
iii. Staff retirement funds	Paramount Limited - Provident Fund	Investments Funded provident fund	Contribution to the Fund	639,112	548,003
		Employees' scheme	Profit paid on certificates of musharaka	192,507	146,419
i. Subsidiary Company	Paramount (Private) Limited	Compliance 99.8% shareholding	Receivable / (payable) closing balance	79,885	-
			Other receivable	-	-
ii. Management Company	Paramount Limited	Investments 14.26% certificate holdings	Other (payable) / receivable	-	6,893,417
iii. Musharaka Investors - Generator Project	AL-Burg Associates	47.91% share of Modaraba	Other receivable	-	1,221,554
iv. Directors	-	-	Security deposit	217,800	217,800
v. Staff retirement funds	Paramount Limited - Provident Fund	Investments Funded provident fund	Certificates of musharaka	(1,400,000)	(1,400,000)
		Employees' scheme	Accrued profit on certificate of musharaka	(3,953)	(3,353)

38.1 Detail of compensation to key management personnel comprising of officers is disclosed in Note 37.

39. INFORMATION ABOUT BUSINESS SEGMENTS

39.1 The Modaraba's reportable segments are as follows as per the Modaraba's policy:

Financing

Modaraba provides financing to individuals and corporate clients. Financing facilities includes murabaha, diminishing musharaka, modaraba and musharaka finance.

FPM Solutions

FPM has started this project for providing power solutions to the Service and Manufacturing Industry and in this reporting period has able to generate a good business relations in the field of Financial sector as well as Manufacturer. The main activity of this Business Project is to provide Back-up support through UPS Batteries. FPM has plans to increase its Investments in this Project as many of the Contracts are in pipe line.

FPM Petro Services

FPM petro services engaged in provision of various chemical components to different sectors nationally and internationally. Modaraba has started this project with effect from February 18, 2015. As per the arrangement, the Modaraba has financed the venture and is entitled to profit share of 60%, where as loss shall be borne by the Modaraba.

Information regarding the Modaraba's reportable segments is presented below.

39.2 Segment assets and liabilities

	2024									
	Financing		FPM Petro		FPM Solutions		Others		Total	
	Rupees		Rupees		Rupees		Rupees		Rupees	
Segment assets	191,021,708		272,896,445		10,806,749		189,465		474,914,367	
Segment liabilities	(132,084,013)		(73,191,790)		(19,667,549)		23,833		(224,919,519)	
	2023									
	Financing		FPM Petro		FPM Solutions		Others		Total	
	Rupees		Rupees		Rupees		Rupees		Rupees	
Segment assets	291,818,857		153,192,339		4,466,544		190,691		449,668,431	
Segment liabilities	(182,320,604)		(34,700,325)		(11,218,119)		22,988		(228,216,060)	

39.3 Segment revenue and results

Following is an analysis of the Modaraba's revenue and results by reportable segment:

Financing	2024				Total
	FPM Petro	FPM Solutions	Others		
	Rupees	Rupees	Rupees	Rupees	
Operating revenue	16,167,861	548,977,083	3,974,177	-	569,119,121
Administration and operating expenses	(36,487,117)	(467,145,991)	(5,868,641)	(464)	(509,502,213)
Provision for doubtful recoveries	272,756	-	(428,416)	-	(155,660)
Other income	7,775,670	390,409	28,807	83	8,194,969
	(12,270,830)	82,221,501	(2,294,073)	(381)	67,656,217
Financial charges	(21,554,944)	(1,554)	(396)	-	(21,556,893)
	(33,825,774)	82,219,947	(2,294,469)	(381)	46,099,324
Modaraba Company's management fee	3,382,577	(8,221,995)	229,447	38	(4,609,933)
	(30,443,197)	73,997,952	(2,065,022)	(343)	41,489,391
Sindh workers' welfare fund	608,864	(1,479,959)	41,300	7	(829,788)
Profit before income tax and levy	(29,834,333)	72,517,993	(2,023,722)	(336)	40,659,603
Levy	(621,877)	-	-	-	(621,877)
Profit before income tax	(30,456,210)	72,517,993	(2,023,722)	(336)	40,037,726
Income tax expense	(11,495,250)	-	-	-	(11,495,250)
Profit for the year	(41,951,460)	72,517,993	(2,023,722)	(336)	28,542,476

		2023			
	Financing	FPM Petro	FPM Solutions	Others	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue	24,917,370	282,218,779	15,276,583	-	322,412,732
Administration and operating expenses	(27,578,119)	(253,441,968)	(14,845,040)	(513)	(295,865,639)
Provision for doubtful recoveries	118,661	-	(109,938)	-	8,723
Other income	4,641,091	432,390	109,595	18,513	5,201,589
	2,099,003	29,209,201	431,200	18,000	31,757,405
Financial charges	(18,390,578)	(153)	(57)	(778)	(18,391,565)
	(16,291,575)	29,209,048	431,144	17,223	13,365,840
Modaraba Company's management fee	1,629,158	(2,920,905)	(43,114)	(1,723)	(1,336,584)
	(14,662,417)	26,288,143	388,030	15,500	12,029,256
Sindh workers' welfare fund	293,248	(525,763)	(7,761)	(310)	(240,586)
Profit before income tax and levy	(14,369,169)	25,762,380	380,269	15,190	11,788,670
Levy	(137,014)	-	-	-	(137,014)
Profit before income tax	(14,506,183)	25,762,380	380,269	15,190	11,651,656
Income tax expense	(5,111,532)	-	-	-	(5,111,531)
Profit for the year	(19,617,715)	25,762,380	380,269	15,190	6,540,125

39.4 Operating revenue

2024					
Financing	FPM Petro	FPM Solutions	Others	Total	
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue					
Profit on:					
- murabaha financing	-	-	-	-	14,065,787
- diminishing musharaka financing	-	-	-	-	108,939
- musharaka financing	-	-	-	-	1,993,135
Revenue from:					
- FPM Petro	548,977,083	-	-	-	548,977,083
- FPM Solution	-	3,974,177	-	-	3,974,177
	548,977,083	3,974,177	-	-	569,119,121

2023					
Financing	FPM Petro	FPM Solutions	Others	Total	
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue					
Profit on:					
- murabaha financing	-	-	-	-	21,365,050
- diminishing musharaka financing	-	-	-	-	275,112
- musharaka financing	-	-	-	-	3,277,208
Revenue from:					
- FPM Petro	282,218,779	-	-	-	282,218,779
- FPM Solution	-	15,276,583	-	-	15,276,583
	282,218,779	15,276,583	-	-	322,412,732

39.5 Administration and operating expenses

		2024			
Financing	Rupees	FPM Petro	FPM Solutions	Others	Total
		Rupees	Rupees	Rupees	Rupees
Direct cost	-	462,092,166	1,875,308	-	463,967,474
Administration and operating expenses					
Salaries, allowances and benefits	18,029,403	-	830,359	-	18,859,762
Utilities	1,170,043	-	1,168,101	-	2,338,144
Repairs and maintenance	509,846	1,500	82,152	-	593,498
Insurance	528,364	81,312	-	-	609,676
Rent, rates and taxes	1,057,261	486,500	1,053,492	-	2,597,253
Travelling and conveyance	2,222,833	2,811,115	24,000	-	5,057,948
Communications	580,013	603,289	26,186	-	1,209,488
Printing and stationery	357,550	50,400	-	-	407,950
Auditors' remuneration	840,000	-	-	-	840,000
Legal and professional	427,360	-	-	-	427,360
Fees and subscriptions	4,228,690	55	580,491	-	4,809,236
Bad debts written-off	3,730,868	-	-	-	3,730,868
Stock in trade- written off	113,480	-	-	-	113,480
News papers and periodicals	9,560	-	-	-	9,560
Advertisement and publicity	36,000	-	-	-	36,000
Depreciation and amortization	1,718,877	428,927	221,452	464	2,369,720
Others	926,969	590,727	7,100	-	1,524,796
	36,487,117	467,145,991	5,868,641	464	509,502,213

2023						
	Financing		FPM Solutions		Total	
	Rupees	FPM Petro Rupees	Rupees	Others Rupees	Rupees	Rupees
Direct cost	-	250,616,355	9,087,947	-	-	259,704,302
Administration and operating expenses						
Salaries, allowances and benefits	15,238,165	-	1,263,000	-	-	16,501,165
Utilities	755,990	-	656,759	-	-	1,412,749
Repairs and maintenance	362,650	2,900	107,040	-	-	472,590
Insurance	260,898	78,240	-	-	-	339,138
Rent, rates and taxes	922,368	485,100	933,756	-	-	2,341,224
Travelling and conveyance	1,466,605	1,344,150	347,500	-	-	3,158,255
Communications	588,438	37,840	28,170	-	-	654,448
Printing and stationary	432,531	19,850	-	-	-	452,381
Auditors' remuneration	708,750	-	-	-	-	708,750
Legal and professional	460,000	-	-	-	-	460,000
Fees and subscription	3,483,846	60,000	1,055,400	-	-	4,599,246
Bad debts written-off	699,133	-	934,285	-	-	1,633,418
News papers and periodicals	11,955	-	-	-	-	11,955
Advertisement and publicity	36,000	86,500	-	-	-	122,500
Depreciation and amortization	1,963,979	346,122	253,405	513	-	2,564,019
Loss on disposal of property and equipment	21,669	-	-	-	-	21,669
Others	165,142	364,911	177,777	-	-	707,830
	27,578,119	253,441,968	14,845,040	513	-	295,865,639

39.6 Other income

	2024				Total
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Other income	3,651,667	611	28,807	83	3,681,168
Profit on bank deposits	4,124,003	389,798	-	-	4,513,801
Others	7,775,670	390,409	28,807	83	8,194,969

	2023				Total
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Other income	3,652,951	27,790	109,595	3,726	3,794,062
Profit on bank deposits	988,140	404,600	-	14,787	1,407,527
Others	4,641,091	432,390	109,595	18,513	5,201,589

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39.7 Financial charges

	2024				Total
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Financial charges	21,504,057	-	-	-	21,504,057
Profit on certificates of musharaka	50,887	1,554	396	-	52,836
Bank charges	21,554,944	1,554	396	-	21,556,893

	2023				Total
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Financial charges	18,334,637	-	-	-	18,334,637
Profit on certificates of musharaka	55,941	153	57	779	56,928
Bank charges	18,390,578	153	57	779	18,391,565

Revenue reported in above segments generated from external customers.

The accounting policies of the reportable segments are the same as the Modaraba's accounting policies described in note 2 to these financial statements.

39.8 Other segment information

	2024				
Financing	FPM Petro	FPM Solutions	Others	Total	
	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	2,301,000	-	-	-	3,634,427
Depreciation, amortization and impairment	428,927	221,452	464		2,369,720
Non - cash items (excluding depreciation, amortization and impairment)	-	(428,416)	-		(155,660)
	272,756				
	2023				
Financing	FPM Petro	FPM Solutions	Others	Total	
	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	653,500	411,979	-		2,717,659
Depreciation, amortization and impairment	346,122	253,402	516		2,564,019
Non - cash items (excluding depreciation, amortization and impairment)	-	(109,938)	-		8,723
	118,661				

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial risk factors

The objective of the Modaraba's financial risk management is to minimize volatility and provide maximum return to certificate holders. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework and policies.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Audit Committee of the Management Company oversees how management monitors compliance with the Modaraba's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba.

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to outstanding amount against financing facilities and trade debts. The Modaraba's policy is to enter into financial contracts in accordance with the risk management policies and the requirements of the Modaraba rules and regulations.

The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	2024 Rupees	2023 Rupees
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Musharaka financing	25,949,054	28,949,054
Loan to employees	595,503	769,501
Long-term deposits	264,500	264,500
Trade debtors	175,324,983	91,409,541
Advances and other receivables	16,472,778	17,431,882
Modaraba financing	-	1,822,314
Short-term murabaha financing	-	15,622,491
Short-term deposit	2,707,194	3,950,000
Accrued profit	1,532,576	2,494,612
Receivable against sale of Al-Burq	-	1,221,554
Short-term investment	21,308,669	20,776,415
Bank balances	47,028,134	46,342,908
	366,645,394	331,537,565

Description of collateral held

The Modaraba holds security in the form of mortgage of properties, hypothecation and pledge of goods and demand promissory notes against modaraba, murabaha, diminishing musharaka and musharaka investments.

Concentration of credit risk

The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals / groups and industrial sectors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Modaraba believes that it is not exposed to major concentration of credit risk. The modaraba's bankers are of good rating. Details of the industrial sector analysis of each financing are as follows:

	2024		2023	
	Rupees	%	Rupees	%
Chemical, fertilizer and pharmaceutical	1,108,339	1.06%	14,920,679	9.85%
Fuel and energy	4,840,910	4.63%	11,844,056	7.82%
Food, tobacco and beverages	37,486,036	35.88%	51,778,689	34.18%
Paper and board	26,925,056	25.77%	3,874,738	2.56%
Textile and Garments	-	0.00%	-	0.00%
Steel, engineering and automobiles	-	0.00%	-	0.00%
Transportation and communication	19,267,982	18.44%	291,582	0.19%
Others	14,847,679	14.21%	68,769,827	45.40%
	104,476,002	100%	151,479,571	100%

Modaraba's operations are restricted to Pakistan only.

Ageing analysis of financing facilities:

	2024			2023		
	Carrying amount		Provision held	Carrying amount		Provision held
	Not impaired	Impaired		Not impaired	Impaired	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not past due	51,997,373	-	-	94,525,209	-	-
Past due 0 to 90 days	27,061,895	-	-	53,753,538	-	-
Past due 91 days to 1 year	6,348,629	-	-	812,500	-	-
Past due 1 to 2 year	16,952,537	-	-	-	-	-
Past due 2 year - 3 years	-	-	-	-	-	-
Past due more than 3 years	-	(2,115,568)	2,115,568	-	(2,388,324)	2,388,324
Total	102,360,434	(2,115,568)	2,115,568	149,091,247	(2,388,324)	2,388,324

Provision is recognised by the Modaraba as per the requirements given under Modaraba Prudential Regulations.

The credit quality of balances with banks that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

Banks	Rating			2024 Rupees	2023 Rupees
	Long-term	Short-term	Agency		
State Bank of Pakistan	-	-	-	34,188	36,957
Habib Bank Limited	AAA	A1+	PACRA	87,257	422,674
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	22,099,192	20,801,592
Faysal Bank Limited	AA	A1+	PACRA	688,059	245,895
Meezan Bank Limited	AAA	A1+	VIS	24,106,176	24,824,177
Al Baraka Bank (Pakistan) Limited	A+	A1	VIS	10,545	9,963
Bank Islami Pakistan Limited	AA-	A1	PACRA	2,717	1,650
				47,028,134	46,342,908

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

(b) Liquidity Risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The Modaraba manages liquidity risk by monitoring future cash flows on a day-to-day basis. The amount disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities:

2024	Contractual cash flows				Total
	Carrying amount	Maturity upto one year	Maturity after one year but upto three years	More than three years	
	Rupees	Rupees	Rupees	Rupees	
Certificates of musharaka	168,400,000	47,250,000	70,225,000	50,925,000	168,400,000
Creditors, accrued and other liabilities	10,289,139	10,289,139	-	-	10,289,139
Accrued profit on certificates of musharaka	3,514,280	3,514,280	-	-	3,514,280
Certificate of musharaka - matured	2,800,000	2,800,000	-	-	2,800,000
Unclaimed profit distributions	18,729,685	18,729,685	-	-	18,729,685
Total	203,733,104	82,583,104	70,225,000	50,925,000	203,733,104

2023	Contractual cash flows				Total
	Carrying amount	Maturity upto one year	Maturity after one year but upto three years	More than three years	
	Rupees	Rupees	Rupees	Rupees	
Certificates of musharaka	167,500,000	29,310,000	57,660,000	80,530,000	167,500,000
Creditors, accrued and other liabilities	5,360,661	5,360,661	-	-	5,360,661
Accrued profit on certificates of musharaka	3,613,638	3,613,638	-	-	3,613,638
Certificate of musharaka - matured	9,850,000	9,850,000	-	-	9,850,000
Unclaimed profit distributions	19,234,855	19,234,855	-	-	19,234,855
	205,559,154	67,369,154	57,660,000	80,530,000	205,559,154

(c) Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Modaraba is not exposed to currency risk. The other price risk and profit rate risk associated with the Modaraba's business activities are stated as under:

(i) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As at June 30, 2024, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rupees 0.213 million (June 30, 2023: Rupees 0.208 million) and Rupees 0.151 million (June 30, 2023: Rupees 0.148 million).

(ii) Profit / mark-up rate risk

Mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. The Modaraba has adopted appropriate policies to minimise its exposure to this risk. At the reporting date, the profit rate profile of the Modaraba's significant mark-up bearing financial instruments was as follows:

	2024 Rupees	2023 Rupees
Financial assets		
Fixed rate		
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Short-term murabaha financing	-	15,622,491
	75,462,003	116,105,284
Financial assets		
Variable rate		
Bank balances	37,898,008	34,370,838
	37,898,008	34,370,838
Financial liabilities		
Variable rate		
Certificate of musharaka	168,400,000	167,500,000
On statement of financial position gap	(130,501,992)	(133,129,162)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased post tax profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to profit rate risk.

	2024		2023	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Cash flow sensitivity - variable rate financial assets	269,076	(269,076)	244,033	(244,033)
Cash flow sensitivity - variable rate financial liabilities	(1,195,640)	1,684,000	(1,189,250)	1,675,000
Net effect	(926,564)	1,414,924	(945,217)	1,430,967

40.2 Recognized fair value measurements

(a) Financial Assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Modaraba has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Modaraba is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Investment of the Modaraba carried at fair value are categorized as follows:

	30-Jun-24			Total
	Level-1	Level-2	Level-3	
	-----Rupees-----			
Assets				
Short term investment				
Fair value through profit or loss	<u>21,308,669</u>	<u>-</u>	<u>-</u>	<u>21,308,669</u>

	30-Jun-23			Total
	Level-1	Level-2	Level-3	
	-----Rupees-----			
Assets				
Short term investment				
Fair value through profit or loss	<u>20,776,415</u>	<u>-</u>	<u>-</u>	<u>20,776,415</u>

There were no transfers between various levels of fair value hierarchy during the year.

(b) Non Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

40.3 Financial instruments by categories

	At amortized cost	
	2024 Rupees	2023 Rupees
Financial assets as per statement of financial position		
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Musharaka financing	25,949,054	28,949,054
Loan to employees	595,503	769,501
Long-term deposits	264,500	264,500
Trade debtors	175,324,983	91,409,541
Advances and other receivables	16,472,778	17,431,882
Modaraba financing	-	1,822,314
Short-term murabaha financing	-	15,622,491
Short-term deposit	2,707,194	3,950,000
Accrued profit	1,532,576	2,494,612
Receivable against sale of Al-Burq	-	1,221,554
Cash and bank balances	47,115,806	46,413,056
	<u>345,424,397</u>	<u>310,831,298</u>

	At fair value through profit or loss	
Short term investment	<u>21,308,669</u>	<u>20,776,415</u>

	At amortized cost	
Financial liabilities as per statement of financial position		
Certificates of musharaka	168,400,000	167,500,000
Creditors, accrued and other liabilities	10,289,139	5,360,661
Certificate of musharaka - matured and payable	2,800,000	9,850,000
Accrued profit on certificates of musharaka	3,514,280	3,613,638
Unclaimed profit distributions	18,729,685	19,234,855
	<u>203,733,104</u>	<u>205,559,154</u>

Reconciliation to the line items presented in the statement of financial position is as follows:

	Financial assets	Non-financial assets	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
As at 30 June 2024			
Assets as per statement of financial position			
Fixed Assets	-	13,102,420	13,102,420
Intangibles	-	205,924	205,924
Long term investments	-	9,980	9,980
Murabaha financing	75,462,003	-	75,462,003
Diminishing musharaka financing	-	-	-
Musharaka financing	25,949,054	-	25,949,054
Loan to employees	595,503	-	595,503
Long-term deposits	264,500	-	264,500
Stores and spares	-	24,102,663	24,102,663
Trade debtors	175,324,983	-	175,324,983
Advances, prepayments and other receivables	16,472,778	739,393	17,212,171
Sindh sales tax receivable - net	-	5,914,484	5,914,484
Modaraba financing	-	-	-
Short-term murabaha financing	-	-	-
Short-term deposit	2,707,194	-	2,707,194
Accrued profit	1,532,576	-	1,532,576
Short-term investment	21,308,669	-	21,308,669
Advance Income tax and prepaid levy-net	-	64,106,437	64,106,437
Cash and bank balances	47,115,806	-	47,115,806
	366,733,066	108,181,301	474,914,367
	Financial liabilities	Non-financial liabilities	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
As at 30 June 2024			
Deferred income	-	15,101,882	15,101,882
Certificates of musharaka	168,400,000	-	168,400,000
Creditors, accrued and other liabilities	10,289,139	6,084,533	16,373,672
Accrued profit on certificates of musharaka	3,514,280	-	3,514,280
Certificate of musharaka - matured and payable	2,800,000	-	2,800,000
Unclaimed profit distributions	18,729,685	-	18,729,685
	203,733,104	21,186,415	224,919,519

As at 30 June 2023

Assets as per statement of financial position

	Financial assets	Non-financial assets	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
Fixed Assets	-	12,071,509	12,071,509
Intangibles	-	294,176	294,176
Murabaha financing	99,799,029	-	99,799,029
Diminishing musharaka financing	683,764	-	683,764
Musharaka financing	28,949,054	-	28,949,054
Loan to employees	769,501	-	769,501
Long-term deposits	264,500	-	264,500
Stores and spares	-	37,779,122	37,779,122
Trade debtors	91,409,541	-	91,409,541
Advances, prepayments and other receivables	17,431,882	19,008,738	36,440,620
Modaraba financing	1,822,314	-	1,822,314
Sindh sales tax receivable - net	-	1,326,544	1,326,544
Short-term murabaha financing	15,622,491	-	15,622,491
Short-term deposit	3,950,000	-	3,950,000
Accrued profit	2,494,612	-	2,494,612
Short term investment	20,776,415	-	20,776,415
Advance income tax and prepaid levy-net	-	47,580,629	47,580,629
Cash and bank balances	46,413,056	-	46,413,056
Receivable against sale of Al-Burq	1,221,554	-	1,221,554
	331,607,713	118,060,718	449,668,431

As at 30 June 2023

	Financial liabilities	Non-financial liabilities	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
Deferred Income	-	18,919,498	18,919,498
Certificates of musharaka	167,500,000	-	167,500,000
Creditors, accrued and other liabilities	5,360,661	3,737,408	9,098,069
Accrued profit on certificates of musharaka	3,613,638	-	3,613,638
Certificate of musharaka - matured and payable	9,850,000	-	9,850,000
Unclaimed profit distributions	19,234,855	-	19,234,855
	205,559,154	22,656,906	228,216,060

41. PROVIDENT FUND RELATED DISCLOSURE

41.1 The following information is based on un-audited financial information of the Staff Provident Fund for the year ended June 30, 2024 and June 30, 2023.

	2024 Rupees	2023 Rupees
Size of the funds - Total assets	10,163,135	8,140,662
Cost of investments	1,400,000	1,400,000
Fair value of investments out of Provident Fund	1,400,000	1,400,000
Percentage of investments made	14%	17%

41.2 Details of fair value of investments:

Bank balances	5,236,949	4,202,661
Investment in sharia compliant certificate of musharaka	1,400,000	1,400,000
	6,636,949	5,602,661

42. NUMBER OF EMPLOYEES

The number of employees during the year are as follows:

Number of employees - permanent	16	17
Average number of employees - permanent	16	17
Number of employees - contractual	1	2
Average number of employees - contractual	1	2

43. GENERAL

43.1 No significant rearrangements / reclassification have been made except for reclassification as disclosed in note 2.18 to these financial statements.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements are approved and authorised for issue on _____ by the Board of Directors of the Modaraba Management Company.

For Paramount Investments Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

INDEPENDENT AUDITOR'S REPORT

To the certificate holders of First Paramount Modaraba

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of First Paramount Modaraba and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group and Paramount Investments Limited (the Group Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 22.1 to the consolidated financial statements, which states that the Group is non-compliant with the credit rating and minimum equity requirements as stipulated in Modaraba Regulations, 2021. As more fully disclosed in the afore-said note, the management understands that the compliance period is extended till 14 August 2025. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Riaz Ahmad & Company

Chartered Accountants

S.No	Key Audit Matters	How the matter was addressed in our audit
1.	Cash and Bank Balance and Investments	
	<p>As at 30 June 2024 the Group's total investments amounts to Rupees 21,309 million as disclosed in note 17 and cash and bank balances amounts to Rupees 47,124 million as disclosed in note 18 of the consolidated financial statements representing 14.4% of the total assets of the Group.</p> <p>The proper valuation of cash and bank balances and investments for the Group were considered as a high-risk area and therefore, we consider this as a Key Audit Matter (KAM).</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of design effectiveness of the key controls on the cash and bank balances and investments. • Obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2024 and reconciled it with the books and records of the Modaraba. • Re-performed valuation to assess that the investments are carried as per the valuation methodology specified in the accounting policies. • Checked presentation and disclosure as per applicable financial reporting framework.
2.	Income from Murahaba Finance	
	<p>Group earns income from the murabaha financing which is its substantial income source (Refer note 21.1 to the consolidated financial statements).</p> <p>During the year, the Group has recognized income of Rupees 14,066 million.</p> <p>We identified income from the murabaha financing as a key audit matter as it is one of the key performance indicators of the Modaraba among Islamic Financing and because of the potential risk that income from the murabaha financing transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the consolidated financial statements.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, including the design and implementation of internal controls over recording and processing of murabaha income. • Assessed the appropriateness of the Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards; • Matched customer contracts with the income and repayment schedule, performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period;

Riaz Ahmad & Company

Chartered Accountants

		<ul style="list-style-type: none"> On sample basis, traced the instalments received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations.
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Information other than the consolidated financial statements and Auditor's Report Thereon

The management of the Group is responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the consolidated and unconsolidated financial statements of the Modaraba and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Group Management Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

Riaz Ahmad & Company

Chartered Accountants

that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Group Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Group Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

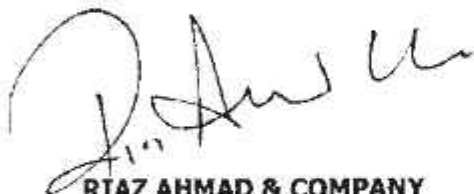
From the matters communicated with the board of directors of the Group Management Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's

Riaz Ahmad & Company

Chartered Accountants

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 04 OCTOBER 2024
UDIN: AR202410045DCM7pe4zc

FIRST PARAMOUNT MODARABA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

ASSETS	Note	2024 Rupees	2023 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	13,102,420	12,071,509
Intangibles	5	205,924	294,176
Murabaha financing	6	31,982,963	41,453,148
Diminishing musharaka financing	7	-	400,827
Musharaka financing	8	12,000,000	12,000,000
Loan to employees	9	385,503	577,501
Long-term deposits		264,500	264,500
		57,941,310	67,061,661
CURRENT ASSETS			
Stock in trade		24,102,663	37,779,122
Trade debtors	10	175,324,983	91,409,541
Advances, prepayments and other receivables	11	17,212,171	36,440,620
Modaraba financing	12	-	1,822,314
Short-term murabaha financing	13	-	15,622,491
Current portion of non-current assets	14	57,638,094	75,769,872
Short-term deposit		2,707,194	3,950,000
Accrued profit	15	1,532,576	2,494,612
Sindh sales tax receivable - net		5,914,484	1,326,544
Advance income tax and prepaid levy-net	16	64,106,437	47,580,629
Receivable against sale of Al-Burq		-	1,221,554
Short term investment	17	21,308,669	20,776,415
Cash and bank balances	18	47,123,633	46,413,056
		416,970,904	382,606,770
		474,912,214	449,668,431
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital			
25,000,000 certificates of Rupees 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up certificate capital	19	137,884,193	137,884,193
Capital reserves	20	89,550,505	61,175,710
Revenue reserves		22,392,468	22,392,468
Equity attributable to certificate holders of the holding company		249,827,166	221,452,371
Non-controlling interest		(316)	-
Total equity		249,826,850	221,452,371
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income	21	7,962,634	8,520,320
Certificates of musharaka	22	121,150,000	138,190,000
		129,112,634	146,710,320
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	23	16,539,517	9,098,069
Current portion of deferred income	21	7,139,248	10,399,178
Current portion of certificates of musharaka	22	47,250,000	29,310,000
Certificate of musharaka - matured and payable	24	2,800,000	9,850,000
Accrued profit on certificates of musharaka	25	3,514,280	3,613,638
Unclaimed profit distributions		18,729,685	19,234,855
		95,972,730	81,505,740
		225,085,364	228,216,060
TOTAL LIABILITIES	26		
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		474,912,214	449,668,431

The annexed notes from 01 to 43 form an integral part of these financial statements.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Income from trading operations	27	88,983,786	37,791,060
Income from murabaha financing	21.1	14,065,787	21,365,050
Income from diminishing musharaka financing		108,939	275,112
Income from musharaka financing		1,993,135	3,277,208
		105,151,647	62,708,430
Administration and operating expenses	28	(45,702,749)	(36,161,337)
(Provision) / reversal for doubtful recoveries - net		(155,660)	8,723
Other income	29	8,195,102	5,201,589
		67,488,340	31,757,405
Financial charges	30	(21,557,034)	(18,391,565)
		45,931,306	13,365,840
Modaraba Company's management fee	31	(4,609,932)	(1,336,584)
		41,321,374	12,029,256
Sindh workers' welfare fund		(829,788)	(240,585)
Profit before income tax and levy		40,491,586	11,788,671
Levy	32	(621,877)	(137,014)
Profit before income tax		39,869,709	11,651,657
Income tax expense	33	(11,495,250)	(5,111,532)
Profit for the year		28,374,459	6,540,125
Share of profit attributable to :			
Certificate holders of the Modaraba		28,374,795	-
Non-controlling interest		(336)	-
		28,374,459	-
Earnings per certificate	34	2.058	0.474

The annexed notes from 01 to 43 form an integral part of these financial statements.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Profit after income tax		39,869,709	11,651,657
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 year		39,869,709	11,651,657

The annexed notes from 01 to 43 form an integral part of these financial statements.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024**

Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
	40,491,586	11,788,671
Profit before income tax and levy		
Adjustments for non-cash items:		
	2,369,720	2,564,019
	(367,952)	21,669
	829,788	240,585
30	21,557,034	18,391,565
	155,660	(8,723)
	3,730,868	1,633,418
	-	60,000
	28,275,118	22,902,533
	68,766,704	34,691,204
Operating profit before working capital changes		
(Increase) / decrease in current assets		
	39,803,857	40,306,175
	683,764	2,782,842
	3,000,000	11,050,946
	1,822,314	101,068
	173,998	235,999
	-	-
	13,676,459	(29,098,801)
	(87,646,310)	(23,782,968)
	19,228,449	(9,211,607)
	1,242,806	(3,950,000)
	1,221,554	6,092,000
	(532,254)	(20,776,415)
	962,036	1,697,976
(Decrease) / increase in current liabilities		
	6,611,660	4,565,604
	(3,817,616)	(5,667,551)
Net cash generated from operations		
	65,197,421	9,036,472
	(52,977)	(56,928)
	(33,230,875)	(11,707,181)
	31,913,569	(2,727,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
	(3,634,427)	(2,717,659)
	690,000	59,999
	-	-
	(2,944,427)	(2,657,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
	26,375,000	23,275,000
	(25,475,000)	(33,275,000)
	(7,050,000)	-
	(21,603,415)	(16,919,269)
	20	-
	(505,170)	(1,900,614)
	(28,258,565)	(28,819,883)
	710,577	(34,205,180)
	46,413,056	80,618,236
18	47,123,633	46,413,056

The annexed notes from 01 to 43 form an integral part of these financial statements.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST PARAMOUNT MODARABA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued, subscribed and paid up certificate capital Rupees	Reserves				Non-controlling interest Rupees	Total Rupees
		Capital		Revenue			
		Merger reserve Rupees	*Statutory reserve Rupees	Total Rupees	Unappropriated profit Rupees		
Opening Balance as at 01 July 2022	137,884,193	1,935,160	52,700,425	54,635,585	22,392,468	-	214,912,246
Transaction with certificate holders: Profit distribution for the year ended 30 June 2022	-	-	-	-	-	-	-
Total comprehensive income: Profit after taxation Other comprehensive income	-	-	-	-	6,540,125	-	6,540,125
Transferred to statutory reserve @ 100%	-	-	6,540,125	6,540,125	(6,540,125)	-	-
Balance as at 30 June 2023	137,884,193	1,935,160	59,240,550	61,175,710	22,392,468	-	221,452,371
Ordinary shares issue to non-controlling interest	-	-	-	-	-	20	20
Total comprehensive income: Profit/(loss) after taxation Other comprehensive income	-	-	-	-	28,374,795	(336)	28,374,459
Transferred to statutory reserve @ 100%	-	-	28,374,795	28,374,795	(28,374,795)	-	-
Balance as at 30 June 2024	137,884,193	1,935,160	87,615,345	89,550,505	22,392,468	(316)	249,826,850

*The statutory reserve represents profit set aside as required under the Modaraba Regulations, 2021 for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 01 to 43 form an integral part of these financial statements.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

1. THE GROUP AND ITS OPERATIONS

The Group consist of First Paramount Modaraba and its subsidiaries namely, Paramount Compliance Private Limited and Complytech Global Limited.

1.1 First Paramount Modaraba

The First Paramount Modaraba (the Modaraba) is a multipurpose, 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 Group Management Company), a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on June 26, 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The registered office is situated at Suit No. 107- 108, First Floor, P.E.C.H.S. Community Office Complex, Block 2, Shahrah-e-Quaideen, Karachi, in the province of Sindh.

The Modaraba principal activities include deployment of funds on murabaha, modaraba and musharaka arrangements and its in-house ventures are:

- (a) Electrical maintenance and troubleshooting services' under the name of "FPM Solutions";
- (b) Chemical business under the name of "FPM Petro Services";

Paramount Compliance Private Limited

The Paramount Compliance Private Limited was incorporated in Pakistan on August 24, 2023 as a private limited company under the Companies Act,2017. The registered office is situated at Suit No. 107- 108, First Floor, P.E.C.H.S. Community Office Complex, Block 2, Shahrah-e-Quaideen, Karachi, in the province of Sindh. The principal activity of the Paramount Compliance Private Limited is provision of Anti Money Laundering screening services and solutions. Paramount Compliance Private Limited is yet to commence commercial operations. Non-controlling interest in the Paramount Compliance Private Limited – subsidiary company is 0.02% (2023: Nil).

Complytech Global Limited

The Complytech Global Limited is wholly owned subsidiary of Paramount Compliance Private Limited and was incorporated in United Kingdom on January 15, 2024 as a private limited company under the Companies Act, 2006. The registered office is situated at Unit 19 1-13 Adler Street, London, England, E1 1EG. Non-controlling interest in the Complytech Global Limited – subsidiary company is 0.02% (2023: Nil).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

The corresponding figures given in these consolidated financial statements are not comparable as the subsidiaries were incorporated during the year and consolidated for the first time as at 30 June 2024.

a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation 2021 and directives issued by the Securities and Exchange Commission of Pakistan (SECP);
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP); and
- Provisions of and directives issued under the Companies Act, 2017.

In case where requirements of International Financial Reporting Standards (IFRS) differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, the Modaraba Regulation, 2021 and directives issued by SECP shall prevail.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS 9 'Financial Instrument', wherever applicable.

Permissible Islamic financial products including murabaha, musharaka and modaraba have been used by the Group, the accounting and presentation of the same are in line with the substance of the transactions 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 consolidated financial statements.

These consolidated financial statements have been prepared on accrual basis of accounting except for cash flow statement.

c) Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees, except otherwise stated.

d) Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including

expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

a) Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and investment properties with a corresponding effect on the depreciation charge and impairment.

ii) Stock in trade

Stock in trade write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on Stock in trade for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the Stock in trade balances for any such declines.

iii) Income tax and levy

In making the estimates for income tax and levy currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

iv) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized, provision is recognised in the statement of profit and loss unless the provision was originally recognised as part of cost of an asset.

vi) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after July 01, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Consolidated financial statements' and IFRS Practice Statement 2 'Making Materiality Judgement').
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes').
- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors').
- Amendments to IAS 12 'Income Taxes' - International Tax Reform — Pillar Two Model Rules.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

f) Amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are amendments to published approved standards that are mandatory for accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Consolidated financial statements') effective for the annual period beginning on or after January 01, 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On October 31, 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 01, 2024.

On May 25, 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after January 01, 2024.

Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's consolidated financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial

recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after January 01, 2025.

IFRS 18 'Presentation and Disclosure in Consolidated financial statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit and loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose consolidated financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit and loss; required disclosures in the consolidated financial statements for certain profit and loss performance measures that are reported outside an entity's consolidated financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary consolidated financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, but it might change what an entity reports as its 'operating profit and loss'.

The above standards and amendments and improvements are likely to have no significant impact on the consolidated financial statements.

h) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to approved published standards that are mandatory for accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation of subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Modaraba is eliminated against the Modaraba's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interest are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Modaraba. Non-controlling interest are presented as separate item in the consolidated financial statements.

2.3 Property and equipment

These are stated at cost less accumulated depreciation and impairments, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. Major renewals and improvements are capitalized while normal replacements, repairs and maintenance are charged to consolidated statement of profit and loss.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates mentioned in note (4). Depreciation on additions and disposals during the year is charged from the date asset is available for use while no depreciation is charged from the date asset is disposed. When parts of an item of asset have different useful lives, they are accounted for as separate item in property and equipment. The residual values and useful lives are reviewed at each reporting date and adjusted, if required.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are taken to the consolidated statement of profit and loss account currently.

2.4 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized under the reducing balance method at the rate of thirty percent per annum.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.5 Loans to employees

Loans to employees are granted by Modaraba for purchasing of vehicles or for other purposes, as approved by the management on a case to case basis. Loans granted are initially recorded at fair value. Subsequent to initial recognition, these are stated at amortized cost.

2.6 Murabaha financing

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Modaraba and all documents relating to purchase are in customer name. However the profit on that sale revenue not due for payment is deferred by recording a credit to "Deferred Murabaha Income" account.

2.7 Modaraba financing

Modaraba is a kind of partnership where one partner gives money to another for investing it in a commercial enterprise. The investment comes from the first partner who is called "rabb-ul-mal" (here FPM), while the management and work is an exclusive responsibility of the other, who is called "mudarib" and the profits generated are shared in a predetermined ratio. Modaraba receivable are reflected at principal amount.

2.8 Musharaka financing

Musharaka is an agreement between two or more parties to combine their assets, labour or liabilities for the purpose of making profit. Modaraba is dealing in the following forms of Musharaka.

a) Diminishing musharaka

In diminishing musharaka based financing, the Group enters into a Musharaka based on Shirkat-ul-mulk (Joint arrangement) for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into yearic profit payments agreement for the utilization of the Modaraba's Musharaka share by the customer. The customer with each rental payments also purchases Modaraba's Musharaka share by paying additional amount and therefore becomes the sole owner of the subject asset at the maturity of the diminishing musharaka.

b) Musharaka financing

Group enters into financing with customers based on Shirkat-ul-aqd (contractual partnership) in customers' operating business. Under this mechanism, the customer can withdraw and return funds to the Group subject to his running musharaka financing limit during the musharaka year. The customer pays the provisional profit which is subject to final settlement based on the actual results of the business / transaction.

2.9 IFRS 9 "Financial instruments"

Investments and other financial assets

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit and loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in the statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to statement of profit and loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit and loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in the statement of profit and loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit and loss as applicable.

Dividends from such investments continue to be recognized in statement of profit and loss as other income when the Group's right to receive payments is established.

Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also included in statement of profit and loss.

i) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba applies, it is recognized as higher of (on customer basis):

- the provision required under the Modaraba Regulations, 2021; and
- the provision required under IFRS 9 using the expected credit loss (ECL) model.

Loss allowance on advances and bank balances is measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances. The Group is also not expecting a material impact on loan to employees and deposits.

ii) De-recognition

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash and balances with banks in current and deposit accounts and investments with short term maturity.

2.11 Stock in trade

Stock in trade is valued at lower of net realizable value or cost. Cost of items of stores and spares is determined as invoice value plus other charges accrued thereon to the balance sheet date. Provision is made annually in the consolidated financial statements for slow moving and obsolete items if required.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated costs necessarily to be incurred to make the sale.

2.12 Trade debtors and other receivables

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts as per expected credit losses model (ECL) as required by IFRS 9 as at year end date.

2.13 Joint Operations (Musharaka arrangements)

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are predetermined by the participants, such that the Musharik has no significant independence to pursue its own strategies.

The consolidated financial statements of the Group include its prorata share of assets, liabilities, revenues and expenses in joint operation and are accounted for on the basis of profit statements.

2.14 Statutory reserve

Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP vide S.R.O. 284(I)/2021 dated March 05, 2021. These Regulations require Modaraba which is not compliant with minimum equity requirements as provided in the regulations, shall create reserve fund to which shall credit an amount equivalent to 100% of its annual after-tax profit till such time the minimum equity requirements are complied with. During the year, the Group transferred 100% of its after tax profit.

2.15 Certificates of musharaka

Certificates of musharaka are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost.

Profit on these arrangements is recognized as expense in the year in which they are incurred and is accounted for on the basis of projected profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each quarter after determination of actual profit.

2.16 Creditors and other liabilities

Creditors and other liabilities are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

2.17 Impairment

a) Non financial assets

The Group assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to lower of revised recoverable amount or initial cost of asset less accumulated depreciation (if any) to date. Reversal of impairment loss is recognized as income.

b) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group follows the below steps.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation

For each sale transaction, purchase order forms a contract between the Group and a customer and the goods to be delivered under that contract are the Group's identified performance obligation, the contract contains determined and allocated transaction price. The Group satisfies a performance obligation on delivery of goods to the customer and recognises the revenue.

- Profit / return on deposits / investments is recognized using tentative profit rates.
- Income from Murabaha is accounted for on finalization of Murabaha transaction. However, profit on that portion of revenue not due for payment (deferred murabaha income) is deferred and recognized on time proportionate basis.
- Musharaka management fee is recognized when related services are provided.

- Rental income from generators is recognized on time proportionate basis.
- Profit on diminishing musharaka financing is recognized using tentative profit rates.
- Profit on musharaka financing is recognized on declaration of profit by musharaka partners on accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.
- Dividend income is recognized when the right to receive the dividend is established.

2.18 Income tax expense and levy

Current

Provision for current tax and levy is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit and loss. The charge for current tax also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regimes to be shown separately as a levy instead of showing it in current tax.

Previously, component representing levy was included in provision for current tax and was not separately charged in consolidated statement of profit and loss. This change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the consolidated statement of changes in equity, the consolidated statement of cash flows and earning per certificate as a result of this change. The change resulted in following reclassification of corresponding figures:

30 JUNE 2024			30 JUNE 2023		
Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy
Amount in Rupees					

Effect on consolidated statement of profit and loss						
Profit before income tax	40,491,586	(621,877)	39,869,709	11,788,671	(137,014)	11,651,657
Levy - final tax	-	(621,877)	(621,877)	-	(137,014)	(137,014)
Income tax expense	(12,117,127)	621,877	(11,495,250)	(5,248,546)	137,014	(5,111,532)
Effect on consolidated statement of financial position						
Advance income tax	64,106,437	-	64,106,437	47,580,629	-	47,580,629
Prepaid levy	-	-	-	-	-	-

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax base used in computation of the taxable profit.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in statement of the profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit and loss as these levies fall under the scope of IFRIC 12/IAS 37.

2.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Management Modaraba's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In review and evaluation performance process, the business is considered as a single operating segment and the Group's business is evaluated on an overall basis other than musharaka arrangement with joint venture partner which is monitored separately.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, administrative expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire Property and equipment and intangible assets other than goodwill.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these consolidated financial statements are set out below for ease of user's understanding of these consolidated financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at

the rates of exchange ruling on the balance sheet date. Exchange differences are charged to profit and loss account currently.

3.2 Employee benefits

a) Defined contribution plan

The Group operates approved funded contributory provident fund scheme for all its employees. Equal monthly contributions are made both by the Group and the employees at the rate of 8.33% percent per annum of the basic salary.

b) Compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which they are earned.

3.3 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.4 Profit distributions and appropriations

Profit distributions are recognized as a liability in the consolidated financial statements in the year in which these are approved. Transfers to statutory reserve and the mandatory appropriations as may be required by law are recognized in the year to which these relate.

3.5 Earnings per certificate (EPC)

The Group presents basic and diluted earnings per certificate (EPC) data for its certificate. Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Group by the weighted average number of certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

4. PROPERTY AND EQUIPMENT

Owned assets

	2024 Rupees	2023 Rupees
	13,102,420	12,071,509

4.1

4.1 Owned assets

30 JUNE 2024					
Generators- Own use	Computers	Office and other equipments	Furnitures and fixtures	Vehicles	Total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees

As at 01 July 2023

Cost	331,718	2,021,949	3,982,062	4,578,874	11,072,907	21,987,510
Accumulated depreciation	(258,215)	(1,574,288)	(2,070,024)	(2,444,556)	(3,568,918)	(9,916,001)
Net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509

Year ended 30 June 2024

Opening net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509
Disposals at						
- Cost	-	-	(116,200)	-	(886,900)	(1,003,100)
- Accumulated depreciation	-	-	54,354	-	626,698	681,052
Transferred - at net book value	-	-	(61,846)	-	(260,202)	(322,048)
Additions - at cost	-	738,730	437,053	130,000	2,328,644	3,634,427
Depreciation charge	(7,350)	(191,228)	(240,897)	(216,432)	(1,625,561)	(2,281,468)
Net book value	66,153	995,163	2,046,348	2,047,886	7,946,870	13,102,420

As at 30 June 2024

Cost	331,718	2,760,679	4,302,915	4,708,874	12,514,651	24,618,837
Accumulated depreciation	(265,565)	(1,765,516)	(2,256,567)	(2,660,988)	(4,567,781)	(11,516,417)
Net book value	66,153	995,163	2,046,348	2,047,886	7,946,870	13,102,420

Rate of depreciation (%)

10	30	10-20	10	20
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30 JUNE 2023						
	Rupees	Rupees	Rupees	Rupees	Rupees	
	Generators - Own use	Computers	Office and other equipment	Furniture and fixtures	Vehicles	Total
As at 01 July 2022						
Cost	331,718	1,652,549	3,072,174	3,387,248	11,002,587	19,446,276
Accumulated depreciation	(250,048)	(1,447,858)	(1,938,198)	(2,238,906)	(1,697,804)	(7,572,814)
Net book value	81,670	204,691	1,133,976	1,148,342	9,304,783	11,873,462
Year ended 30 June 2023						
Opening net book value	81,670	204,691	1,133,976	1,148,342	9,304,783	11,873,462
Disposals at						
- Cost	-	-	(176,425)	-	-	(176,425)
- Accumulated depreciation	-	-	94,757	-	-	94,757
Transferred - at net book value	-	-	(81,668)	-	-	(81,668)
Additions - at cost	-	369,400	1,086,313	1,191,626	70,320	2,717,659
Depreciation charge	(8,167)	(126,430)	(226,583)	(205,650)	(1,871,114)	(2,437,944)
Net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509
As at 30 June 2023						
Cost	331,718	2,021,949	3,982,062	4,578,874	11,072,907	21,987,510
Accumulated depreciation	(258,215)	(1,574,288)	(2,070,024)	(2,444,556)	(3,568,918)	(9,916,001)
Net book value	73,503	447,661	1,912,038	2,134,318	7,503,989	12,071,509
Rate of depreciation (%)	10	30	10-20	10	20	

	Note	2024 Rupees	2023 Rupees
5. INTANGIBLES - Computer Software			
As at 01 July			
Cost		2,976,738	2,976,738
Accumulated amortization		(2,682,562)	(2,556,487)
Net book value		294,176	420,251
Year ended 30 June			
Opening net book value		294,176	420,251
Amortization charge for the year		(88,252)	(126,075)
Net book value		205,924	294,176
As at 30 June			
Cost		2,976,738	2,976,738
Accumulated amortization		(2,770,814)	(2,682,562)
Net book value		205,924	294,176
Rate of amortization (%)		30	30
6. MURABAHA FINANCING - SECURED			
Considered good		75,462,003	99,799,029
Considered doubtful		2,115,568	2,388,324
		77,577,571	102,187,353
Less: Provision for doubtful recoveries	6.1	(2,115,568)	(2,388,324)
		75,462,003	99,799,029
Less: Current portion of murabaha financing		(43,479,040)	(58,345,881)
		31,982,963	41,453,148
6.1 Movement in provision for doubtful recoveries			
Balance as at 01 July		2,388,324	2,506,985
Charge for the year		367,425	-
Reversal made during the year		(640,181)	(118,661)
		(272,756)	(118,661)
Balance as at 30 June	6.4	2,115,568	2,388,324
6.2	The Group has sold goods under Murabaha arrangements whereby payment is deferred along with 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 373.947 million (2023: Rupees 505.531 million) in aggregate.		
6.3	These facilities have various maturity dates up to 16 May 2027. Effective profit rate on these arrangements ranges from 18% to 26% (2023: 18% to 24%).		
6.4	As fully explained in note 2.9 the Group also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, it is recognized as higher of the provision required under the Modaraba Regulations, 2021 and the provision required under IFRS 9 using the expected credit loss (ECL) model.		

6.5 Contractual installments receivable on Murabaha financing facilities:

	Principal Rupees	Profit Rupees	Total Rupees
2024			
Overdue	2,115,568	-	2,115,568
Due within one year	36,339,792	7,139,248	43,479,040
Due after one year but within five years	22,584,921	9,398,042	31,982,963
Due after five years	-	-	-
	61,040,281	16,537,290	77,577,571

	Principal Rupees	Profit Rupees	Total Rupees
2023			
Overdue	2,388,324	-	2,388,324
Due within one year	48,959,319	9,386,562	58,345,881
Due after one year but within five years	30,153,906	11,299,242	41,453,148
Due after five years	-	-	-
	81,501,549	20,685,804	102,187,353

6.6 The above except for overdue balance represents installments receivable by the Group in future years in respect of Murabaha financing facilities given under long-term arrangements.

7. DIMINISHING MUSHARAKA FINANCING- SECURED	Note	2024 Rupees	2023 Rupees
Considered good		-	683,764
Less: Current portion of diminishing musharaka financing		-	(282,937)
		-	400,827

7.1 This represents financing provided to individual under diminishing musharaka arrangement for purchase of building. The effective profit rate on this arrangement is : Nil (2023: 22.8%) per annum. The financing is secured by mortgage of properties of the borrower. The combined forced sales value (FSV) of the underlying assets as security is : Nil (2023: Rupees 5.856 million) in aggregate.

7.2 Contractual rentals receivable on Diminishing Musharaka financing facilities are as follows:

Due within one year	-	282,937
Due after one year but within five years	-	400,827
	-	683,764

8.	MUSHARAKA FINANCING - SECURED	Note	2024 Rupees	2023 Rupees
	Musharaka agreements for:			
	Considered good:			
	Food products	8.1	12,000,000	12,000,000
	Microsoft power project	8.2	-	2,500,000
			12,000,000	14,500,000
	Considered doubtful:			
	Books printing - II	8.3	13,949,054	14,449,054
	Less: Provision for doubtful recoveries	8.5	-	-
			25,949,054	28,949,054
	Less: Current portion of musharaka financing		(13,949,054)	(16,949,054)
			12,000,000	12,000,000
8.1	The Group has entered into a Musharaka arrangement with Musharaka partner for distribution of food products like milk, biscuits etc. The Group's share of investment is 30% of the total financing required by Musharaka partner and profit on investment is shared in the ratio of 35:65 (2023: 35:65) between the Group and Musharaka partner respectively. This financing is secured by way of mortgage of property.			
8.2	During the prior year, the Group entered into a Musharaka arrangement amounting to Rupees 2.5 million for a Microsoft SharePoint project as the Musharaka partner. This arrangement was fulfilled in the prior year, and in the current year, the Group has fully recovered the financing from the Musharaka partner.			
8.3	During the preceding years, the Group 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 in the ratio of 64.09:35.91 (2023: 64.09:35.91) between Group and the Musharaka partner respectively. The financing is secured by way of mortgage of immovable property. This arrangement was fulfilled in prior years and the Group is in process to recover the financing as per agreement, from the Musharaka partner.			
8.4	The combined forced sales value (FSV) of the underlying assets as security against musharaka financing amounts to Rupees 105.140 million (2023: Rupees 80.949 million) in aggregate.			
8.5	No provision has been recognized due to the availability of the forced sale value benefit of the collateral held as security against financing. Furthermore, as fully explained in note 2.9 the Group also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, as per the ECL model under IFRS 9, the impairment impact is materially same to the provisioning requirements under Modaraba Regulations, 2021.			
8.6	Contractual installments receivable on Musharaka financing facilities:			
	Due within one year		13,949,054	16,949,054
	Due after one year		12,000,000	12,000,000
			25,949,054	28,949,054
9.	LOAN TO EMPLOYEES - SECURED			
	Loan to employees		595,503	769,501
	Less: Current portion of loan to employees		(210,000)	(192,000)
			385,503	577,501
9.1	This represents profit free personal loans provided to employees of the Group ranging from Rupees 0.03 million to Rupees 0.5 million. These are repayable over a maximum period of 10 years and secured against their provident fund balance. The fair value adjustment in accordance with requirements of IFRS- 9 "Financial Instruments" in respect of long term loan is not considered material and hence not recognized.			

10. TRADE DEBTORS - UNSECURED	Note	2024 Rupees	2023 Rupees
Considered good		175,324,983	91,409,541
Considered doubtful		469,825	4,441,612
	10.1	175,794,808	95,851,153
Less: Allowances for expected credit loss			
Balance as at 01 July		4,441,612	4,331,674
Recognized during the year		428,416	109,938
Bad debts written off during the year		(4,400,203)	-
Balance as at 30 June		469,825	4,441,612
		175,324,983	91,409,541

10.1 Ageing analysis of trade debtors are as follows:

Not yet due	164,972,809	87,614,237
Upto 30 days	4,290,308	3,552,834
31 to 90 days	6,112,191	36,270
91 days to 180 days	-	302,701
More than 180 days	419,500	4,345,111
	175,794,808	95,851,153

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Due from associated undertakings	11.1	79,885	6,893,714
Advance against purchase of stock		-	17,400,297
Advance against expenses		35,029	948,709
Advance against salaries	11.2	58,000	19,000
Short-term prepayments		704,364	659,732
Due from AML project	11.3	14,754,723	8,693,703
Other receivables	11.4	1,580,170	1,825,465
		17,212,171	36,440,620

11.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 0.080 million (2023: Rupees 7.047 million).

11.2 The maximum aggregate amount due from officers and employees at the end of any month during the year was Rupees 0.200 million (2023: Rupees 0.199 million).

11.3 This includes operational expenses borne by the Group on behalf of the AML project. The Group has entered into an arrangement with an individual to engage in a business segment under the name and style of "FPM AML/CFT Solutions," serving the corporate and financial sector. The Group is responsible for managing the project's operations as the "Modarib" and may temporarily advance upto Rupees 16 million to the project, while the other party is responsible for investing in the project as the "Raab-ul-Maal." The net profit from this contract is shared between the Modarib and Raab-ul-Maal in a ratio of 65:35. The movement in balance due to / (from) AML project is as under:

Opening balance as at 1 July	8,693,703	1,756,617
Add: Payments made during the year on behalf of project	23,242,478	11,889,671
Less: Recovered from the project	(17,181,458)	(4,952,585)
Balance as at 30 June	14,754,723	8,693,703

The AML project has consistently incurred losses since its inception. In adherence to the Islamic principle of Modaraba financing, these losses shall be borne by the Raab-ul-Maal. Consequently, no loss have been recorded in the Group's books.

11.4 This includes Rupees 1.2 million deducted directly from the bank account of the Group on the instruction of the Federal Board of Revenue (FBR) vide letter no. CIR/Zone-1/CRTD/KHI/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. (refer Note 27).

12. MODARABA FINANCING - SECURED & CONSIDERED DOUBTFUL	Note	2024 Rupees	2023 Rupees
Balance as at 01 July		1,822,314	1,923,382
Less: Recovered during the year		(1,822,314)	(101,068)
Balance as at 30 June		-	1,822,314
Less: Provision for doubtful recoveries		-	-
		-	1,822,314

12.1 In the prior year the Group signed and fulfilled 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 the Group and APS in the ratio of 50:50. The financing was secured by way of mortgage of property. In the current year full amount of financing is recovered by Modaraba.

13. SHORT-TERM MURABAHA FINANCING - SECURED

Considered good		-	13,775,122
Considered doubtful		-	1,847,369
		-	15,622,491
Less: Provision for doubtful recoveries		-	-
		-	15,622,491

13.1 During the year all of the short term murbaha financing arrangements have been completely settled. Effective profit on these arrangements ranged from 11% to 14% per annum received on agreed terms during the year.

14. CURRENT PORTION OF NON-CURRENT ASSETS

Current portion of murabaha financing	6	43,479,040	58,345,881
Current portion of diminishing musharaka financing	7	-	282,937
Current portion of musharaka financing	8	13,949,054	16,949,054
Current portion of loans to employees	9	210,000	192,000
		57,638,094	75,769,872

15. ACCRUED PROFIT

Profit receivable on musharaka financing		949,377	2,200,372
Profit receivable on diminishing musharaka financing		-	14,223
Profit receivable on bank deposits		583,199	280,017
		1,532,576	2,494,612

16. ADVANCE INCOME TAX AND PREPAID LEVY-NET

Advance income tax-net

Advance income tax	16.1	74,987,763	51,599,370
Less: Provision for taxation		(10,881,326)	(4,018,741)
		64,106,437	47,580,629

Prepaid levy-net

Prepaid levy		621,877	137,014
Less: Levy payable		(621,877)	(137,014)
		-	-
		64,106,437	47,580,629

16.1 This includes an amount of Rupees 46.96 million (2023: Rupees 37.83 million) refundable from Federal Board of Revenue (FBR) as per Income Tax Returns filed for relevant tax years.

	Note	2024 Rupees	2023 Rupees
17. SHORT TERM INVESTMENT			
At fair value through profit or loss			
Pak Qatar-daily dividend plan	17.1	21,308,669	20,776,415
17.1 Movement in short term investment			
Opening investment		20,776,415	-
Add:Purchase during the year		-	20,000,000
Add: Profit Reinvested (Dividend-net of tax)		3,532,254	776,415
Less: Redemption during the year		(3,000,000)	-
Closing investment (213,087 units)		21,308,669	20,776,415
		2024	2023
18. CASH AND BANK BALANCES			
Cash in hand		87,672	70,148
Cash at banks			
- Current accounts	18.1	9,137,953	11,972,070
- Deposit accounts	18.2 & 18.3	37,898,008	34,370,838
		47,123,633	46,413,056
18.1	This include Rupees 0.563 million (2023: Rupees 0.757 million) in respect of FPM-AML project. (refer Note 11.3).		
18.2	This includes Rupees 5.166 million (2023: Rupees 7.468 million) in respect of Redemption Reserve Fund established on account of Certificate of Musharaka.		
18.3	These carries profit rate in respect of deposit accounts ranging from 11.010% to 21.550% (2023: 4.76% to 12.18%) per annum.		
19. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL			
		2024	2023
		(Number of certificates)	Rupees
11,989,930	11,989,930	Certificates of Rupees 10 each fully paid in cash.	119,899,298
1,798,490	1,798,490	Bonus certificates issued of Rupees 10 each.	17,984,895
13,788,420	13,788,420		137,884,193
19.1	As at June 30, 2024, Paramount Investments Limited (the Group Management Company) holds 14.26% (2023: 14.26%) representing 1,965,768 certificates (2023: 1,965,768 certificates) of the Modaraba.		
20. CAPITAL RESERVES			
Statutory reserve	20.1	87,615,345	59,240,549
Merger reserve	20.2	1,935,160	1,935,160
		89,550,505	61,175,709

- 20.1** Statutory reserve represents profit set aside to comply with the Prudential Regulations for the Modaraba issued by the SECP vide S.R.O. 284(I)/2021 dated March 05, 2021. These Regulations require Modaraba which is not compliant with minimum equity requirements as provided in the regulations, shall create reserve fund to which shall credit an amount equivalent to 100% of its annual after-tax profit till such time the minimum equity requirements are complied with. During the year, the Modaraba transferred 100% of its after tax profits amounting to Rupees 28.37 million (2023: Rupees 6.54 million).
- 20.2** In accordance with decision of the Honourable High Court of Sindh as on December 08, 2004, the First National Modaraba (FNM) was merged with the Group. The Group received a sum of Rupees 10.568 million from FNM, including Rupees 8.663 million as a certificate capital and Rupees 1.935 million as capital reserve.

21. DEFERRED INCOME	Note	2024 Rupees	2023 Rupees
Deferred murabaha income	21.1	15,101,882	18,919,498
		15,101,882	18,919,498
Less: Current portion of deferred income		(7,139,248)	(10,399,178)
		7,962,634	8,520,320

21.1 Deferred murabaha income

Balance as at 01 July	18,919,498	24,587,049
Add: Deferred income for the year	10,736,820	15,697,499
Less: Income recognized during the year	(14,065,787)	(21,365,050)
Less: Transferred to suspense income	(488,649)	-
Balance as at 30 June	15,101,882	18,919,498

22. CERTIFICATES OF MUSHARAKA

Balance as at 01 July	167,500,000	177,500,000
Issued during the year	26,375,000	23,275,000
Redeemed during the year	(25,475,000)	(33,275,000)
	168,400,000	167,500,000
Less: current portion of certificates of musharaka	(47,250,000)	(29,310,000)
Balance as at 30 June	121,150,000	138,190,000

- 22.1** In accordance with the Prudential Regulations for Modarabas issued by the SECP through S.R.O. 284(I)/2021 dated March 5, 2021, the authority to issue Certificates of Musharaka (COM) by a Modaraba will be automatically suspended if the Modaraba becomes non-compliant with any of the conditions outlined in Regulation 19 of the Prudential Regulations. However, existing Modarabas with valid permissions to issue COM, which are non-compliant, are required to achieve compliance within one year of the effective date of these regulations provided that, during this one-year interim period, the total COM of such Modarabas will be capped at the existing level, i.e., the outstanding balance as of the date the regulations came into force.

On August 15, 2022, the SECP, via S.R.O. 1547(I)/2022, amended these regulations. These amendments extend the compliance period to three years in cases of non-compliance with the conditions outlined in Regulation 17(1) subject to certain conditions. The Modaraba, based on legal advice, understands that the compliance period for Regulation 19 is also considered as extended to 3 years given the conditions of Regulation 19 are that of Regulation 17(1).

As of the reporting year-end, the Modaraba remains non-compliant with the credit rating and minimum equity requirements stipulated in Regulation 17 and 19 respectively. The management, however, maintains that the deadline for full compliance is August 14, 2025, based on the amendments introduced on August 14, 2022, which modified the compliance timeline. This interpretation is further supported by the conduct of the regulator and aligns with the legal principle of "Non-Retroactivity." The management is confident to comply with the requirements within the extended compliance date i.e. August 14, 2025.

22.2 These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 8.5% to 14.5% (2023: 7% to 12%) per annum.

22.3 A Redemption Reserve Fund is established on account of Certificate of Musharaka (refer Note 19.2).

23. CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2024 Rupees	2023 Rupees
Due to associated undertakings		286,837	-
Creditors		4,314,680	1,190,140
Accrued expenses		1,843,534	1,479,324
Sindh workers' welfare fund		2,510,191	1,680,403
Withholding income tax		3,287,505	1,920,996
Share of modarib payable under FPM petro		1,915,687	1,591,369
Payable to provident fund		-	136,009
Others		2,381,083	1,099,828
		16,539,517	9,098,069

24. This represents amount payable to legal successors of musharaka holders which is due but unclaimed due to pending documentation on death of the respective musharaka holders.

25. ACCRUED PROFIT ON CERTIFICATES OF MUSHARAKA

Balance as at 01 July	3,613,638	2,198,270
Add: Accrued during the year	21,504,057	18,334,637
Less: Paid during the year	(21,603,415)	(16,919,269)
Balance as at 30 June	3,514,280	3,613,638

26. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Name of the court, agency or authority	Description of the proceedings and relief sought	Principle Parties	Date instituted
i Commissioner Inland Revenue	During the prior year, the Sindh Revenue Board (SRB) has raised accumulated demand of Rupees 7.064 million 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 Group'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 Assistant Commissioner of Sindh Revenue Board (SRB) after providing opportunity of being heard to Modaraba, issued order vide 915 dated 27 April 2022, whereby the Commissioner demanded the sales tax and penalty amounting to Rupees 7.56 million and 0.708 million respectively for the tax periods July 2011 to June 2017 on account of non-chargeability of Sindh Sales Tax against rental income of the Modaraba. The Modaraba has filed appeal before the Commissioner Appeals - SRB and did not record any provision for this matter, as their tax advisor is confident that the pending appeal will be decided in the Group's favour.	Sindh Revenue Board and the Modaraba	19-Jul-19

Name of the court, agency or authority	Description of the proceedings and relief sought	Principle Parties	Date instituted	
ii	Commissioner Inland Revenue	An amount of Rupees 1.2 million has been deducted from the bank account of the Group on the instructions of the FBR vide letter #CIR/Zone-1/CRTO/Khi/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. The matter was taken to Commissioner Inland Revenue (Appeal III), Karachi who remanded back the case to the officer with directions to provide an opportunity of being heard to the Appellant. The worthy Commissioner in its Order vide no. 26/2017 dated 26 January 2017 has remanded the matter to the revenue. Management is confident that the deducted amount will be refunded, therefore, no expense has been booked in this regard.	Sindh Revenue Board and the Modaraba	15-Dec-16

b)	Commitments	Note	2024 Rupees	2023 Rupees
	There were no commitments outstanding as at the reporting date (2023: Nil).			
	Letter of Guarantees		124,300	317,500
27.	INCOME FROM TRADING OPERATIONS			
	Income from:			
	- FPM Petro	27.1	86,884,917	31,602,424
	- FPM Solution	27.2	2,098,869	6,188,636
			88,983,786	37,791,060
27.1	Income from FPM petro			
	Revenue - net	27.1.1	548,977,083	282,218,779
	Less: Direct costs			
	Cost of sales	27.1.2	410,616,724	229,741,862
	Transportation charges		3,580,888	3,753,650
	Labour charges		1,926,712	1,040,658
	Lab testing		189,850	123,275
	Share of modarib		45,777,992	15,956,910
			462,092,166	250,616,355
			86,884,917	31,602,424
27.1.1	This represents revenue (net of sales tax) generated from chemical business of FPM Petro Services. Sales tax charged on sales tax invoices issued during the year in aggregate amounted to Rupees 99.44 million (2023: 50.2 million).			
27.1.2	Cost of sales			
	Opening stock		37,779,122	8,680,322
	Purchases		396,940,265	258,840,662
	Less: closing stock		(24,102,663)	(37,779,122)
	Cost of sales		410,616,724	229,741,862

27.2 Income from FPM solution	Note	2024 Rupees	2023 Rupees
Revenue - net	27.2.1	3,974,177	15,276,583
Less: cost of revenue		1,875,308	9,087,947
		2,098,869	6,188,636

27.2.1 This represents revenue (net of Sindh Sales Tax on Services) generated from Project Power solution business of FPM Solutions. This includes income from Service Level Agreements (SLA) entered into by FPM Solutions with the client to provide services in respect of stand by generators, UPS and other power back up solutions. Sindh sales tax on services charged on sales tax invoices issued during the year in aggregate amounted to Rupees 0.424 million (2023: 2.050 million).

28. ADMINISTRATION AND OPERATING EXPENSES

Salaries, allowances and benefits	28.1	18,859,762	16,501,165
Utilities		2,338,144	1,412,749
Repairs and maintenance		593,498	472,590
Takaful		609,676	339,138
Rent, rates and taxes	28.2	2,597,253	2,341,224
Travelling and conveyance		5,057,948	3,158,255
Communications		1,209,488	654,448
Printing and stationery		407,950	452,381
Auditors' remuneration	28.3	926,000	708,750
Legal and professional		427,360	460,000
Fees and subscriptions		4,809,236	4,599,246
Bad debts written-off		3,730,868	1,633,418
Stock in trade- written off		113,480	-
News papers and periodicals		9,560	11,955
Advertisement and publicity		36,000	122,500
Depreciation and amortization		2,369,720	2,564,019
Loss on disposal of fixed asset		-	21,669
Others		1,606,806	707,830
		45,702,749	36,161,337

28.1 Salaries, allowances and benefits include 0.639 million Rupees (2023: Rupees 0.548 million) on account of the Group's contribution to the staff provident fund.

28.2 This includes Rupees 1.053 million charge by director (2023: Rupees 0.933 million) in respect of rent for office premises.

28.3 Auditors' remuneration

Riaz Ahmad & Company

Statutory audit fee	504,815	493,500
Half yearly review fee	118,148	115,500
Certification fee	102,037	99,750
Consolidation fee	115,000	-
	840,000	708,750

Crowe Hussain Chaudhury & Co.

Statutory audit fee	75,000	-
Out of pocket	5,000	-
Sindh Sales tax	6,000	-
	86,000	-
	926,000	708,750

29. OTHER INCOME	Note	2024 Rupees	2023 Rupees
Financial assets - shariah compliant			
Profit on bank deposits		3,681,168	3,794,062
Dividend income		4,145,849	913,429
Others		133	494,098
Non-financial assets			
Others		367,952	-
		<u>8,195,102</u>	<u>5,201,589</u>
30. FINANCIAL CHARGES			
Profit on certificates of musharaka		21,504,057	18,334,637
Bank charges		52,977	56,928
		<u>21,557,034</u>	<u>18,391,565</u>
31. MODARABA COMPANY'S MANAGEMENT FEE			
<p>The Group 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 year ended 30 June 2024 has been recognized at 10% (2023: 10%) of profit for the year.</p>			
32. LEVY			
Final tax	32.1	<u>621,877</u>	<u>137,014</u>
<p>32.1 This represents portion of final tax paid under section 150 of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.</p>			
33. INCOME TAX EXPENSE			
Current			
for the year		10,881,326	4,018,741
for prior year		613,924	1,092,791
		<u>11,495,250</u>	<u>5,111,532</u>
Deferred	33.1	-	-
		<u>11,495,250</u>	<u>5,111,532</u>
Relationship between income tax expense and accounting profit			
Profit before income tax		<u>39,869,709</u>	<u>11,651,657</u>
Tax @ 29% (2023: 29%)		11,562,216	3,378,981
Effect of:			
Accelerated depreciation		24,292	346,475
Provision for expected credit loss		35,565	503,714
Prior year		613,924	1,092,791
Other computational adjustments		(740,747)	(210,429)
		<u>11,495,250</u>	<u>5,111,532</u>

33.1 DEFERRED TAX (ASSET) / LIABILITY	Note	2024 Rupees	2023 Rupees
Deferred tax asset comprises of:			
(Deductible) temporary differences on:			
Murabaha financing		(177,541)	(180,385)
Musharaka financing		-	-
Trade debtors		(122,638)	(1,288,067)
Creditors, accrued and other liabilities		(1,513,365)	-
		(1,813,544)	(1,468,453)
Deferred tax liability comprises of:			
Taxable temporary differences on:			
Property and equipment		594,719	997,938
		(1,218,825)	(470,515)
Unrecognized deferred tax asset	33.2	1,218,825	470,515
As at 30 June		-	-
33.2 Deferred tax asset as at June 30, 2024 to the extent of Rupees 1.218 million (June 30, 2023: 0.471 million) has not been recognized as the Group is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.			
34. EARNINGS PER CERTIFICATE - BASIC AND DILUTED			
Profit attributable to certificate holders of the Modaraba (RUPEES)		28,374,795	6,540,125
Weighted average number of certificates (NUMBERS)		13,788,420	13,788,420
Earnings per certificate - basic and diluted (RUPEE)		2.058	0.474
34.1 There is no dilutive effect on the basic earnings per share of the Group, since there are no convertible instruments in issue as at June 30, 2024 (2023: Nil) which would have any effect on the earnings per certificate if the option to convert is exercised.			
35. CHANGES ARISING FROM FINANCING ACTIVITIES			

2024	01 July 2023	Financing cash inflows	Financing cash outflows	Non Cash changes	30 June 2024
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	19,234,855	-	(505,170)	-	18,729,685
Accrued profit on certificates of musharaka	3,613,638	-	(21,603,415)	21,504,057	3,514,280
COM matured parties	9,850,000	-	(7,050,000)		2,800,000
Certificates of musharaka	167,500,000	26,375,000	(25,475,000)	-	168,400,000

2023	01 July 2022	Financing cash inflows	Financing cash outflows	Non Cash changes	30 June 2023
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	21,135,469	-	(1,900,614)	-	19,234,855
Accrued profit on certificates of musharaka	2,198,270	-	(16,919,269)	18,334,637	3,613,638
COM matured parties	1,850,000	-	-	8,000,000	9,850,000
Certificates of musharaka	177,500,000	23,275,000	(33,275,000)	-	167,500,000

36. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2024		2023	
	Officers	Other employees	Officers	Other employees
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,833,219	8,507,924	5,611,440	7,643,425
Allowances	785,694	2,123,248	790,288	973,910
Provident fund	307,451	331,662	280,572	267,433
EOBI	14,520	238,180	52,800	116,940
Others	2,387	715,477	5,250	759,107
	6,943,271	11,916,491	6,740,350	9,760,815
Number of person	4	13	4	15

36.1 Three (3) officers are provided free use of the Group's cars including fuel and insurance.

36.2 No remuneration paid to the directors of the Group Management Company during the year (2023: Nil).

37. TRANSACTION WITH RELATED PARTIES

The related parties comprise of management company, associated undertakings and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship with Modaraba	Name of Related Party	Basis of relationship	Nature of transaction	2024 Rupees	2023 Rupees
i. Management Company	Paramount Limited	Investments 14.26% certificate holdings	Management fee including sale tax on fee	5,209,223	1,510,340
ii. Directors and their spouse	-	-	Payments made during the year	3,436,561	2,995,904
iii. Staff retirement funds	Paramount Limited - Provident Fund	Investments Funded Employees' scheme	Contribution to the Fund	639,112	548,003
			Profit paid on certificates of musharaka	192,507	146,419
Receivable / (payable) closing balance					
i. Subsidiary Company	Paramount (Private) Limited	Compliance 99.8% shareholding	Other receivable	79,885	-
ii. Management Company	Paramount Limited	Investments 14.26% certificate holdings	Other (payable) / receivable	-	6,893,417
iii. Musharaka Investors - Generator Project	AL-Burq Associates	47.91% share of Modaraba	Other receivable	-	1,221,554
iv. Directors	-	-	Security deposit	217,800	217,800
v. Staff retirement funds	Paramount Limited - Provident Fund	Investments Funded Employees' scheme	Certificates of musharaka	(1,400,000)	(1,400,000)
			Accrued profit on certificate of musharaka	(3,953)	(3,353)

37.1 Detail of compensation to key management personnel comprising of officers is disclosed in Note 37.

38. INFORMATION ABOUT BUSINESS SEGMENTS

38.1 The Group's reportable segments are as follows as per the Group's policy:

Financing

The Group provides financing to individuals and corporate clients. Financing facilities includes murabaha, diminishing musharaka, modaraba and musharaka finance.

FPM Solutions

FPM has started this project for providing power solutions to the Service and Manufacturing Industry and in this reporting period has able to generate a good business relations in the field of Financial sector as well as Manufacturer. The main activity of this Business Project is to provide Back-up support through UPS Batteries. The Group has plans to increase its Investments in this Project as many of the Contracts are in pipe line.

FPM Petro Services

FPM petro services engaged in provision of various chemical components to different sectors nationally and internationally. The Group has started this project with effect from February 18, 2015. As per the arrangement, the Group has financed the venture and is entitled to profit share of 60%, where as loss shall be borne by the Group.

Information regarding the Group's reportable segments is presented below.

38.2 Segment assets and liabilities

Note	2024					
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	Total Rupees	
Segment assets	191,019,555	272,896,445	10,806,749	189,465	474,912,214	
Segment liabilities	(132,249,858)	(73,191,790)	(19,667,549)	23,833	(225,085,364)	
	2023					
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	Total Rupees	
Segment assets	291,818,857	153,192,339	4,466,544	190,691	449,668,431	
Segment liabilities	(182,320,604)	(34,700,325)	(11,218,119)	22,988	(228,216,060)	

38.3 Segment revenue and results

Following is an analysis of the Group's revenue and results by reportable segment:

Financing	2024				Total
	Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Operating revenue	16,167,861	548,977,083	3,974,177	-	569,119,121
Administration and operating expenses	(36,487,117)	(467,145,991)	(5,868,641)	(336,484)	(509,838,233)
Provision for doubtful recoveries	272,756	-	(428,416)	-	(155,660)
Other income	7,775,670	390,409	28,807	349	8,195,235
	(12,270,830)	82,221,501	(2,294,073)	(336,135)	67,320,463
Financial charges	(21,554,944)	(1,554)	(396)	(141)	(21,557,034)
	(33,825,774)	82,219,947	(2,294,469)	(336,276)	45,763,429
Modaraba Company's management fee	3,382,577	(8,221,995)	229,447	16,827	(4,593,144)
	(30,443,197)	73,997,952	(2,065,022)	(319,449)	41,170,285
Sindh workers' welfare fund	608,864	(1,479,959)	41,300	3,029	(826,766)
Profit before income tax and levy	(29,834,333)	72,517,993	(2,023,722)	(316,420)	40,343,519
Levy	(621,877)	-	-	-	(621,877)
Profit before income tax	(30,456,210)	72,517,993	(2,023,722)	(316,420)	39,721,642
Income tax expense	(11,495,250)	-	-	-	(11,495,250)
Profit for the year	(41,951,460)	72,517,993	(2,023,722)	(316,420)	28,226,392

2023				
Financing	FPM Petro	FPM Solutions	Others	Total
Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue	24,917,370	282,218,779	15,276,583	322,412,732
Administration and operating expenses	(27,578,119)	(253,441,968)	(14,845,040)	(295,865,639)
Provision for doubtful recoveries	118,661	-	(109,938)	8,723
Other income	4,641,091	432,390	109,595	5,201,589
Financial charges	2,099,003	29,209,201	18,000	31,757,405
	(18,390,578)	(153)	(778)	(18,391,565)
	(16,291,575)	29,209,048	17,223	13,365,840
Modaraba Company's management fee	1,629,158	(2,920,905)	(43,114)	(1,336,584)
	(14,662,417)	26,288,143	388,030	12,029,256
Sindh workers' welfare fund	293,248	(525,763)	(7,761)	(240,586)
Profit before income tax and levy	(14,369,169)	25,762,380	380,269	11,788,670
Levy	(137,014)	-	-	(137,014)
Profit before income tax	(14,506,183)	25,762,380	380,269	11,651,656
Income tax expense	(5,111,532)	-	-	(5,111,531)
Profit for the year	(19,617,715)	25,762,380	380,269	6,540,125

38.5 Administration and operating expenses

	2024				Total
	Financing	FPM Petro	FPM Solutions	Others	
	Rupees	Rupees	Rupees	Rupees	Rupees
Direct cost	-	462,092,166	1,875,308	-	463,967,474
Administration and operating expenses					
Salaries, allowances and benefits	18,029,403	-	830,359	-	18,859,762
Utilities	1,170,043	-	1,168,101	-	2,338,144
Repairs and maintenance	509,846	1,500	82,152	-	593,498
Insurance	528,364	81,312	-	-	609,676
Rent, rates and taxes	1,057,261	486,500	1,053,492	-	2,597,253
Travelling and conveyance	2,222,833	2,811,115	24,000	-	5,057,948
Communications	580,013	603,289	26,186	-	1,209,488
Printing and stationery	357,550	50,400	-	-	407,950
Auditors' remuneration	840,000	-	-	86,000	926,000
Legal and professional	427,360	-	-	-	427,360
Fees and subscriptions	4,228,690	55	580,491	-	4,809,236
Bad debts written-off	3,730,868	-	-	-	3,730,868
Stock in trade- written off	113,480	-	-	-	113,480
News papers and periodicals	9,560	-	-	-	9,560
Advertisement and publicity	36,000	-	-	-	36,000
Depreciation and amortization	1,718,877	428,927	221,452	464	2,369,720
Others	926,969	590,727	7,100	82,010	1,606,806
	36,487,117	467,145,991	5,868,641	168,474	509,670,223

2023						
	Financing		FPM Solutions		Total	
	Rupees	FPM Petro Rupees	Rupees	Others Rupees	Rupees	Rupees
Direct cost	-	250,616,355	9,087,947	-	259,704,302	
Administration and operating expenses	15,238,165	-	1,263,000	-	16,501,165	
Salaries, allowances and benefits	755,990	-	656,759	-	1,412,749	
Utilities	362,650	2,900	107,040	-	472,590	
Repairs and maintenance	260,898	78,240	-	-	339,138	
Insurance	922,368	485,100	933,756	-	2,341,224	
Rent, rates and taxes	1,466,605	1,344,150	347,500	-	3,158,255	
Travelling and conveyance	588,438	37,840	28,170	-	654,448	
Communications	432,531	19,850	-	-	452,381	
Printing and stationary	708,750	-	-	-	708,750	
Auditors' remuneration	460,000	-	-	-	460,000	
Legal and professional	3,483,846	60,000	1,055,400	-	4,599,246	
Fees and subscription	699,133	-	934,285	-	1,633,418	
Bad debts written-off	11,955	-	-	-	11,955	
News papers and periodicals	36,000	86,500	-	-	122,500	
Advertisement and publicity	1,963,979	346,122	253,405	513	2,564,019	
Depreciation and amortization	21,669	-	-	-	21,669	
Loss on disposal of property and equipment	165,142	364,911	177,777	-	707,830	
Others	27,578,119	253,441,968	14,845,040	513	295,865,639	

38.6 Other income

	2024				Total Rupees
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Other income					
Profit on bank deposits	3,651,667	611	28,807	83	3,681,168
Others	4,124,003	389,798	-	133	4,513,934
	7,775,670	390,409	28,807	216	8,195,102

	2023				Total Rupees
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Other income					
Profit on bank deposits	3,652,951	27,790	109,595	3,726	3,794,062
Others	988,140	404,600	-	14,787	1,407,527
	4,641,091	432,390	109,595	18,513	5,201,589

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38.7 Financial charges

	2024				Total Rupees
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Financial charges					
Profit on certificates of musharaka	21,504,057	-	-	-	21,504,057
Bank charges	50,887	1,554	396	141	52,977
	21,554,944	1,554	396	141	21,557,034

	2023				Total Rupees
	Financing Rupees	FPM Petro Rupees	FPM Solutions Rupees	Others Rupees	
Financial charges					
Profit on certificates of musharaka	18,334,637	-	-	-	18,334,637
Bank charges	55,941	153	57	779	56,928
	18,390,578	153	57	779	18,391,565

Revenue reported in above segments generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 to these financial statements.

38.8 Other segment information

	2024				
	Financing	FPM Petro	FPM Solutions	Others	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	1,333,427	2,301,000	-	-	3,634,427
Depreciation, amortization and impairment	1,718,877	428,927	221,452	464	2,369,720
Non - cash items (excluding depreciation, amortization and impairment)	272,756	-	(428,416)	-	(155,660)
	2023				
	Financing	FPM Petro	FPM Solutions	Others	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	1,652,180	653,500	411,979	-	2,717,659
Depreciation, amortization and impairment	1,963,979	346,122	253,402	516	2,564,019
Non - cash items (excluding depreciation, amortization and impairment)	118,661	-	(109,938)	-	8,723

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial risk factors

The objective of the Group's financial risk management is to minimize volatility and provide maximum return to certificate holders. The Board of Directors of the Group Management Company has overall responsibility for the establishment and oversight of the Group's risk management framework and policies.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Audit Committee of the Group Management Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The risk is generally limited to outstanding amount against financing facilities and trade debts. The Group's policy is to enter into financial contracts in accordance with the risk management policies and the requirements of the Modaraba rules and regulations.

The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	2024 Rupees	2023 Rupees
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Musharaka financing	25,949,054	28,949,054
Loan to employees	595,503	769,501
Long-term deposits	264,500	264,500
Trade debtors	175,324,983	91,409,541
Advances and other receivables	16,472,778	17,431,882
Modaraba financing	-	1,822,314
Short-term murabaha financing	-	15,622,491
Short-term deposit	2,707,194	3,950,000
Accrued profit	1,532,576	2,494,612
Receivable against sale of Al-Burq	-	1,221,554
Short-term investment	21,308,669	20,776,415
Bank balances	47,035,961	46,342,908
	366,653,221	331,537,565

Description of collateral held

The Group holds security in the form of mortgage of properties, hypothecation and pledge of goods and demand promissory notes against modaraba, murabaha, diminishing musharaka and musharaka investments.

Concentration of credit risk

The Group manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Group has established exposure limits for individuals / groups and industrial sectors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk. The Group's bankers are of good rating. Details of the industrial sector analysis of each financing are as follows:

	2024		2023	
	Rupees	%	Rupees	%
Chemical, fertilizer and pharmaceutical	1,108,339	1.06%	14,920,679	9.85%
Fuel and energy	4,840,910	4.63%	11,844,056	7.82%
Food, tobacco and beverages	37,486,036	35.88%	51,778,689	34.18%
Paper and board	26,925,056	25.77%	3,874,738	2.56%
Textile and Garments	-	0.00%	-	0.00%
Steel, engineering and automobiles	-	0.00%	-	0.00%
Transportation and communication	19,267,982	18.44%	291,582	0.19%
Others	14,847,679	14.21%	68,769,827	45.40%
	104,476,002	100%	151,479,571	100%

Group's operations are restricted to Pakistan only.

Ageing analysis of financing facilities:

	2024			2023		
	Carrying amount		Provision held	Carrying amount		Provision held
	Not impaired	Impaired		Not impaired	Impaired	
	Rupees	Rupees	Rupees	Rupees	Rupees	
Not past due	51,997,373	-	-	94,525,209	-	-
Past due 0 to 90 days	27,061,895	-	-	53,753,538	-	-
Past due 91 days to 1 year	6,348,629	-	-	812,500	-	-
Past due 1 to 2 year	16,952,537	-	-	-	-	-
Past due 2 year - 3 years	-	-	-	-	-	-
Past due more than 3 years	-	(2,115,568)	2,115,568	-	(2,388,324)	2,388,324
Total	102,360,434	(2,115,568)	2,115,568	149,091,247	(2,388,324)	2,388,324

Provision is recognised by the Group as per the requirements given under Modaraba Prudential Regulations.

The credit quality of balances with banks that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

Banks	Rating			2024 Rupees	2023 Rupees
	Long-term	Short-term	Agency		
State Bank of Pakistan	-	-	-	34,188	36,957
Habib Bank Limited	AAA	A1+	PACRA	87,257	422,674
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	22,099,192	20,801,592
Faysal Bank Limited	AA	A1+	PACRA	688,059	245,895
Meezan Bank Limited	AAA	A1+	VIS	24,106,176	24,824,177
Al Baraka Bank (Pakistan) Limited	A+	A1	VIS	10,545	9,963
Bank Islami Pakistan Limited	AA-	A1	PACRA	2,717	1,650
				47,028,134	46,342,908

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring future cash flows on a day-to-day basis. The amount disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities:

2024	Contractual cash flows				Total
	Carrying amount	Maturity upto one year	Maturity after one year but upto three years	More than three years	
	Rupees	Rupees	Rupees	Rupees	
Certificates of musharaka	168,400,000	47,250,000	70,225,000	50,925,000	168,400,000
Creditors, accrued and other liabilities	10,454,984	10,454,984	-	-	10,454,984
Accrued profit on certificates of musharaka	3,514,280	3,514,280	-	-	3,514,280
Certificate of musharaka - matured	2,800,000	2,800,000	-	-	2,800,000
Unclaimed profit distributions	18,729,685	18,729,685	-	-	18,729,685
Total	203,898,949	82,748,949	70,225,000	50,925,000	203,898,949

2023	Contractual cash flows				Total
	Carrying amount	Maturity upto one year	Maturity after one year but upto three years	More than three years	
	Rupees	Rupees	Rupees	Rupees	
Certificates of musharaka	167,500,000	29,310,000	57,660,000	80,530,000	167,500,000
Creditors, accrued and other liabilities	5,360,661	5,360,661	-	-	5,360,661
Accrued profit on certificates of musharaka	3,613,638	3,613,638	-	-	3,613,638
Certificate of musharaka - matured	9,850,000	9,850,000	-	-	9,850,000
Unclaimed profit distributions	19,234,855	19,234,855	-	-	19,234,855
	205,559,154	67,369,154	57,660,000	80,530,000	205,559,154

c) Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to currency risk. The other price risk and profit rate risk associated with the Group's business activities are stated as under:

(i) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Group. As at June 30, 2024, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rupees 0.213 million (June 30, 2023: Rupees 0.208 million) and Rupees 0.151 million (June 30, 2023: Rupees 0.148 million).

(II) Profit / mark-up rate risk

Mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. The Group has adopted appropriate policies to minimise its exposure to this risk. At the reporting date, the profit rate profile of the Group's significant mark-up bearing financial instruments was as follows:

	2024 Rupees	2023 Rupees
Financial assets		
Fixed rate		
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Short-term murabaha financing	-	15,622,491
	75,462,003	116,105,284
Financial assets		
Variable rate		
Bank balances	37,898,008	34,370,838
	37,898,008	34,370,838
Financial liabilities		
Variable rate		
Certificate of musharaka	168,400,000	167,500,000
On statement of financial position gap	(130,501,992)	(133,129,162)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased post tax profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to profit rate risk.

	2024		2023	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Cash flow sensitivity - variable rate financial assets	269,076	(269,076)	244,033	(244,033)
Cash flow sensitivity - variable rate financial liabilities	(1,195,640)	1,684,000	(1,189,250)	1,675,000
Net effect	(926,564)	1,414,924	(945,217)	1,430,967

39.2 Recognized fair value measurements

(a) Financial Assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Investment of the Group carried at fair value are categorized as follows:

	30-Jun-24			Total
	Level-1	Level-2	Level-3	
	-----Rupees-----			
Assets				
Short term investment				
Fair value through profit or loss	21,308,669	-	-	21,308,669

	30-Jun-23			Total
	Level-1	Level-2	Level-3	
	-----Rupees-----			
Assets				
Short term investment				
Fair value through profit or loss	20,776,415	-	-	20,776,415

There were no transfers between various levels of fair value hierarchy during the year.

(b) Non Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

39.3 Financial instruments by categories

Financial assets as per statement of financial position

	At amortized cost	
	2024 Rupees	2023 Rupees
Murabaha financing	75,462,003	99,799,029
Diminishing musharaka financing	-	683,764
Musharaka financing	25,949,054	28,949,054
Loan to employees	595,503	769,501
Long-term deposits	264,500	264,500
Trade debtors	175,324,983	91,409,541
Advances and other receivables	16,472,778	17,431,882
Modaraba financing	-	1,822,314
Short-term murabaha financing	-	15,622,491
Short-term deposit	2,707,194	3,950,000
Accrued profit	1,532,576	2,494,612
Receivable against sale of Al-Burq	-	1,221,554
Cash and bank balances	47,123,633	46,413,056
	345,432,224	310,831,298

Short term investment

At fair value through profit or loss	
21,308,669	20,776,415

Financial liabilities as per statement of financial position

	At amortized cost	
	2024	2023
Certificates of musharaka	168,400,000	167,500,000
Creditors, accrued and other liabilities	10,454,984	5,360,661
Certificate of musharaka - matured and payable	2,800,000	9,850,000
Accrued profit on certificates of musharaka	3,514,280	3,613,638
Unclaimed profit distributions	18,729,685	19,234,855
	203,898,949	205,559,154

Reconciliation to the line items presented in the statement of financial position is as follows:

	Financial assets	Non-financial assets	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
As at 30 June 2024			
Assets as per statement of financial position			
Fixed Assets	-	13,102,420	13,102,420
Intangibles	-	205,924	205,924
Long term investments	-	-	-
Murabaha financing	75,462,003	-	75,462,003
Diminishing musharaka financing	-	-	-
Musharaka financing	25,949,054	-	25,949,054
Loan to employees	595,503	-	595,503
Long-term deposits	264,500	-	264,500
Stores and spares	-	24,102,663	24,102,663
Trade debtors	175,324,983	-	175,324,983
Advances, prepayments and other receivables	16,472,778	739,393	17,212,171
Sindh sales tax receivable - net	-	5,914,484	5,914,484
Modaraba financing	-	-	-
Short-term murabaha financing	-	-	-
Short-term deposit	2,707,194	-	2,707,194
Accrued profit	1,532,576	-	1,532,576
Short-term investment	21,308,669	-	21,308,669
Advance income tax and prepaid levy-net	-	64,106,437	64,106,437
Cash and bank balances	47,123,633	-	47,123,633
	366,740,893	108,171,321	474,912,214
	Financial liabilities	Non-financial liabilities	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
As at 30 June 2024			
Deferred income	-	15,101,882	15,101,882
Certificates of musharaka	168,400,000	-	168,400,000
Creditors, accrued and other liabilities	10,454,984	6,084,533	16,539,517
Accrued profit on certificates of musharaka	3,514,280	-	3,514,280
Certificate of musharaka - matured and payable	2,800,000	-	2,800,000
Unclaimed profit distributions	18,729,685	-	18,729,685
	203,898,949	21,186,415	225,085,364

As at 30 June 2023

Assets as per statement of financial position

	Financial assets	Non-financial assets	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
Fixed Assets	-	12,071,509	12,071,509
Intangibles	-	294,176	294,176
Murabaha financing	99,799,029	-	99,799,029
Diminishing musharaka financing	683,764	-	683,764
Musharaka financing	28,949,054	-	28,949,054
Loan to employees	769,501	-	769,501
Long-term deposits	264,500	-	264,500
Stores and spares	-	37,779,122	37,779,122
Trade debtors	91,409,541	-	91,409,541
Advances, prepayments and other receivables	17,431,882	19,008,738	36,440,620
Modaraba financing	1,822,314	-	1,822,314
Sindh sales tax receivable - net	-	1,326,544	1,326,544
Short-term murabaha financing	15,622,491	-	15,622,491
Short-term deposit	3,950,000	-	3,950,000
Accrued profit	2,494,612	-	2,494,612
Short term investment	20,776,415	-	20,776,415
Advance income tax and prepaid levy-net	-	47,580,629	47,580,629
Cash and bank balances	46,413,056	-	46,413,056
Receivable against sale of Al-Burq	1,221,554	-	1,221,554
	331,607,713	118,060,718	449,668,431

As at 30 June 2023

	Financial liabilities	Non-financial liabilities	Total as per Statement of Financial Position
	Rupees	Rupees	Rupees
Deferred Income	-	18,919,498	18,919,498
Certificates of musharaka	167,500,000	-	167,500,000
Creditors, accrued and other liabilities	5,360,661	3,737,408	9,098,069
Accrued profit on certificates of musharaka	3,613,638	-	3,613,638
Certificate of musharaka - matured and payable	9,850,000	-	9,850,000
Unclaimed profit distributions	19,234,855	-	19,234,855
	205,559,154	22,656,906	228,216,060

40. PROVIDENT FUND RELATED DISCLOSURE

40.1 The following information is based on un-audited financial information of the Staff Provident Fund for the year ended June 30, 2024 and June 30, 2023.

	2024 Rupees	2023 Rupees
Size of the funds - Total assets	10,163,135	8,140,662
Cost of investments	1,400,000	1,400,000
Fair value of investments out of Provident Fund	1,400,000	1,400,000
Percentage of investments made	14%	17%

40.2 Details of fair value of investments:

Bank balances	5,236,949	4,202,661
Investment in sharia compliant certificate of musharaka	1,400,000	1,400,000
	6,636,949	5,602,661

41. NUMBER OF EMPLOYEES

The number of employees during the year are as follows:

Number of employees - permanent	16	17
Average number of employees - permanent	16	17
Number of employees - contractual	1	2
Average number of employees - contractual	1	2

42. GENERAL

42.1 No significant rearrangements / reclassification have been made except for reclassification as disclosed in note 2.18 to these financial statements.

43. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements of the Group are approved and authorised for issue on _____ by the Board of Directors of the Group Management Company.

For Paramount Investments Limited
(Group Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST PARAMOUNT MODARABA

Pattern of Shareholding

As On 30/06/2024

NO. OF SHAREHOLDERS	<--- HAVING SHARES --->		SHARES HELD	PERCENTAGE
	From	To		
204	1	100	5554	0.0403
130	101	500	30583	0.2218
207	501	1000	150285	1.0899
418	1001	5000	874470	6.3421
74	5001	10000	534801	3.8788
45	10001	15000	563520	4.0889
23	15001	20000	390028	2.8287
14	20001	25000	319010	2.3136
16	25001	30000	441771	3.2039
11	30001	35000	367410	2.6646
7	35001	40000	262802	1.9080
2	40001	45000	84325	0.6118
7	45001	50000	332653	2.4126
4	50001	55000	208401	1.4969
4	55001	60000	230729	1.6734
3	60001	65000	190010	1.3780
8	65001	70000	542983	3.9380
1	70001	75000	73975	0.5365
3	75001	80000	230856	1.6743
3	80001	85000	248654	1.8034
6	95001	100000	491909	3.5676
2	100001	105000	202002	1.4650
3	110001	115000	341792	2.4788
1	115001	120000	119723	0.8683
1	125001	130000	128749	0.9337
2	150001	155000	303438	2.2007
1	160001	165000	162634	1.1795
1	185001	190000	187034	1.3565
1	195001	200000	198988	1.4432
1	220001	225000	220501	1.5992
3	225001	230000	687000	4.9824
1	420001	425000	423471	3.0712
1	425001	430000	429184	3.1128

FIRST PARAMOUNT MODARABA

Pattern of Shareholding

As On 30/06/2024

NO. OF SHAREHOLDERS	<--- HAVING SHARES --->		SHARES HELD	PERCENTAGE
	From	To		
1	500001	505000	502222	3.6423
1	1495001	1500000	1500000	10.8787
1	1805001	1810000	1808949	13.1193
1210		Company Total	13788416	100.0000

FIRST PARAMOUNT MODARABA

Category of Shareholders

As On 30/06/2024

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	5	622030	4.5113
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	4	1965768	14.2567
BANKS, DFI & NBFİ	1	28	0.0002
GENERAL PUBLIC (LOCAL)	1166	7911000	57.3742
GENERAL PUBLIC (FORİEGN)	24	953040	6.9119
OTHERS	7	258893	1.8776
MODARABAS	1	502222	3.6423
SHAREHOLDERS HOLDING 5% OR MORE	2	1575435	11.4258
Company Total	1210	13788416	100.0000

FIRST PARAMOUNT MODARABA

Category of Shareholders

As On 30/06/2024

Folio No	Name	Code	Balance Held	Percentage
000000001121	MR. NADIM IQBAL	001	1160	0.0084
000000001706	MR. TANWEER AHMED MAGOON	001	99487	0.7215
000000001707	SHAHIDA TANVEER	001	128749	0.9337
000000002006	MR. HUMAYUN MAZHAR QURESHI	001	162634	1.1795
003525098277	ABRAR AHMAD	001	230000	1.6681
000000000001	PARAMOUNT INVESTMENTS LIMITED	002	8371	0.0607
000000001963	PARAMOUNT INVESTMENT LIMITED	002	113292	0.8216
0000000008004	PARAMOUNT INVESTMENTS LIMITED	002	35156	0.2550
003277071155	PARAMOUNT INVESTMENTS LIMITED	002	1808949	13.1193
003889000028	NATIONAL BANK OF PAKISTAN	004	28	0.0002
000000001344	SUBLIME SPORTS (PVT) LTD.	010	151375	1.0978
0000000009403	M/S. EASTERN COMMERCIAL CORPORATION (PVT.) LTD.	010	1321	0.0096
0000099000008	FEDERAL BOARD OF REVENUE	010	27233	0.1975
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	4821	0.0350
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	167	0.0012
003525087235	MAPLE LEAF CAPITAL LIMITED	010	1	0.0000
004705087224	FEDERAL BOARD OF REVENUE	010	73875	0.5365
0000099000005	FIRST NATIONAL MODARABA	011	502222	3.6423
003277041842	ASIF NATHANI	014	1500000	10.8787
004085135929	ASIF NATHANI	014	75435	0.5471

Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of Certificate-Holders of First Paramount Modaraba (FPM) will be held on Monday, 28 October 2024 at 03:30 pm at PIMA House, Room No. 201, 2nd Floor, PECHS Community Hall, Block-2, PECHS, Shahrah-e-Quideen, Karachi, to review the performance of the Modaraba for the year ended 30 June 2024.

On behalf of the Board

Syed Mudassir Ali

(Company Secretary)

Paramount Investments Limited

Managers of First Paramount Modaraba

07 October 2024

Karachi

Notes:

1. Closure of Certificate Transfer Books

The certificate transfer books shall remain closed from Tuesday, 22 October 2024 to Monday, 28 October 2024 (both days inclusive). Transfers received in order at the office of the Registrar of First Paramount Modaraba (FPM) i.e. THK Associates (Pvt.) Ltd., before the close of business hours on Monday 21 October 2024 will be treated as in time for the purpose of attending the Annual Review Meeting.

2. Change of Address

The Certificate holders are advised to notify change in their address, if any, to the Share Registrar, THK Associates (Pvt.) Ltd, at Plot No-32-C, Jami Commercial Street 2,DHA Phase VII Karachi – 75500, Telephone No: 021-111-000-322, Fax No: 021-35310191.

3. Participation in the meeting

To facilitate certificate holders, the Modaraba is holding this meeting physically and through video link as allowed by the Securities and Exchange Commission of Pakistan. To attend the ARM through video link, the members and their proxies are requested to register themselves by providing the following information along with their Name, Folio Number, Cell No., and Number of Certificates held in their name, a valid copy of CNIC (both sides)/ passport attested copy of board resolution / power of attorney (in case of corporate certificate holders) through email with subject "Registration for FPM ARM" at s.mudassirali@fpm.com.pk by 15 October 2024:

Name of Member / proxy holders	CNIC No	Folio No./ Participant Id/ Account No.	Cell No./ WhatsApp No.	Email ID

The certificate holders who are registered after the necessary verification shall be provided a video link by the Modaraba on the said email address. The login facility will remain open from start of the meeting till its proceedings are concluded. Members are therefore, encouraged to attend the AGM through video link and by consolidating their attendance through proxies.

A) For attending the Meeting Physically:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original CNIC or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

B) For appointing Proxies:

- i) In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Availability of Audited Financial Statements on Modaraba's Website

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 2014, the Annual Report for the year ended 30 June 2024 will also be placed on Modaraba's website simultaneously with the dispatch of the same to the Certificate holders.

5. Transmission of Annual Financial Statements through Email

As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated 08 September 2014, companies are allowed the circulation of Audited Financial Statements along with Notice of Annual Review Meeting to their certificate holders through email. Certificate holders who wish to receive Modaraba's Annual Report via email in future are requested to fill the consent form (available at First Paramount Modaraba website) and return it to our Share Registrar at Plot No-32-C, Jami Commercial Street 2, DHA Phase VII Karachi – 75500, Telephone No: 021-111-000-322, Fax No: 021-35310191.

6. Unclaimed dividends

List of unclaimed dividend is available on Modaraba's website. Certificate holders, who by any reason, could not claim their dividends or collect their physical Modaraba certificate, are advised to contact our Share Registrar THK Associates (Private) Limited, to claim (or obtain enquires regarding) their unclaimed dividend or pending Modaraba Certificates, if any. Please note that in compliance with section 244 of the Companies Act 2017, after having completed the stipulated procedures, all dividends unclaimed for a period of three years, from the date due and payable, shall be deposited to the credit of the Federal Government and in case of share/certificates, shall be delivered to the Securities & Exchange Commission of Pakistan.

**FORM OF PROXY
ANNUAL REVIEW MEETING**

I/We _____
of _____ CDC A/C No. Follo No. _____ being a
Certificate Holder of First Paramount Modaraba, do hereby appoint
Mr./Miss/Ms _____
CDC A/C No. Follo No. _____ who is / are also a Certificate Holder of the
Modaraba, as my / our proxy in my / our absence and to attend the Annual Review Meeting of the
Modaraba to be held on _____ at PIMA House, 2nd Floor, Room No:
201, PECHS Community Centre, Block-2, PECHS, Shahrah-e-Quldeen, Karachi and at any
adjournment thereof in the same manner as I / we myself / ourselves would attend if personally
present at such meeting.

As witness my/our hands in this day of _____

Signature: _____

Address: _____

CNIC No.: _____

No. of Certificate(s) held: _____

Affix Revenue
Stamp of Rs. 5

(Note: Signature should agree with the specimen signature registered with the Modaraba's Share Registrar).

Note:








1. No Form of Proxy shall be valid unless duly signed along with revenue stamp and in case of company should be executed under its common seal under signed by its authorized person.
2. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Modaraba at Sult No. 107-108, P.E.C.H.S. Community Office Complex, Block 2, P.E.C.H.S., Shahrah-e-Quldeen, Karachi not later than 48 hours before the time of holding the Annual Review Meeting.
3. Attested copies of the CNIC or the Passport of beneficial owners shall be furnished with the proxy form.
4. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of corporate entity, the Board's Resolution and Power of attorney with specimen signature of the nominee shall be furnished along with proxy form to the company.



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REGISTERED OFFICE

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

