

Half Yearly Report

for the period ended December 31, 2014 (Un-Audited)

First Paramount Modaraba

(An Islamic Financial Institution)

Managed by: Paramount Investments Limited

For Long Term 'BBB' For Short Term A-3 Out Look - Positive
By JCR VIS Credit Company

First Shariah Certified Modaraba





First Paramount Modaraba

(An Islamic Financial Institution)

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Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Sharia with its true spirit.
2. To employ the Modaraba funds in the best possible way and to promote the human talents, to maximize the profit for certificate holders.
3. It is our mission to constantly endeavour for excellence in all spheres of business activity, maintain its eminent market position, promote lasting relationship with our customers and other stakeholders, and construct a durable and vibrant Pakistan.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete code of ethics is a prerequisite for all Directors and employees of First Paramount Modaraba. We endeavour to the philosophy behind the code of ethics to carry out honestly activities assigned to them. Our aim is to have the highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.

Corporate Information

MODARABA COMPANY MANAGED BY: PARAMOUNT INVESTMENTS LIMITED

BOARD OF DIRECTORS

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Syed Wajih Hassan	Chief Executive Officer
Mr. Pir Muhammad Kalia	Director
Mr. Abdul Razzak Jandga	Director
Mr. Nadeem Iqbal	Independent Director
Mr. Humayun Mazhar Qureshi	Director
Mr. Khalid Rehman	Director

AUDIT COMMITTEE

Mr. Nadeem Iqbal	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Humayun Mazhar Qureshi	Member

HUMAN RESOURCE COMMITTEE

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Abdullah Khan

SHARIAH ADVISOR

Mufti Muhammad Najeeb Khan

CREDIT RATING

Long term **BBB**
 Short Term **A-3**
 Out Look **Positive**
 By JCR Credit Rating Company

AUDITORS OF THE MODARABA

M/s Ernst & Young Ford Rhodes Sidat Hyder
 Chartered Accountants

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Limited, the Management Company of First Paramount Modaraba, are pleased to present the unaudited financial statements for the period ended on 31st December, 2014, Auditors' review report and Shari'ah Advisor's report thereon.

Al-Hamdolillah, Modaraba has posted a profit of PKR 8,501,686/= (EPS = 0.92) for the half year ended on 31st December 2014, which is 17.7% better than last years' results for the same period (PKR 7,221,522/=). This increase in profits owed primarily to the enhanced revenues from Musharka projects. These projects are expected to fetch good returns in later part of the year also.

Management's plan to enhance its asset base by

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

has worked successfully. While we are writing these lines, SECP has allowed your Modaraba to issue 30% Right Certificates to its existing certificate holders. The process shall be completed in the coming months and will not only bring funds to the Modaraba but also broaden its Equity Base – an essential to exploit fixed costs of Modaraba to the optimum.

Future Outlook:

Based on the results of past two quarters, Management of Modaraba is optimistic that Modaraba's results for the financial year 2014-15 shall Insh-Allah be better than the results of the past financial year.

Acknowledgement:

Management of the Modaraba and the Board of Director recognize the continual patronage and cooperation of the regulators especially of the offices of Registrar Modaraba, Security Exchange Commission of Pakistan, Islamabad and State Bank of Pakistan.

Management also appreciates hard-work and dedication of the staff members of Modaraba.

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



Syed Wajih Hassan
Chief Executive Officer

Karachi.

Date: February 27, 2015

**AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON
REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Paramount Modaraba** (the Modaraba) as at **31 December 2014** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half-year then ended. The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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



Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 27 February 2015

Karachi

Shariah Advisor's Report

I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the period of December 31st 2014, in accordance with the requirements as reported hereunder, in my opinion:

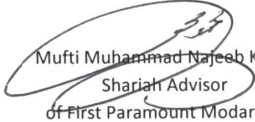
1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. Following were the major developments that took place during the year:
 - (A) Research and new product development (Brief on the research and new product development, if applicable)
 - (B) Training and Development
 - i) The Key Management and Senior Staff Members have attended Seminars Training Sessions and Certificate Courses In-house conducted by Shariah Advisor as well as from Center for Islamic (Darul ulloom- Karachi ,Baitul Mukarram Masjid Gulshan e Iqbal).
3. The agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
4. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modaraba's.
5. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.
6. The earnings that have been realized from the sources or by means prohibited by Shariah have been credited to charity accounts.

Observation(s) Nil

Recommendation: Start direct Payment to supplier in Murabaha and awareness sessions for clients.

Conclusion:

Dated: February 12th 2015.


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

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

		December 31, 2014	June 30, 2014
	Note	----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5	56,356,459	60,188,077
Long-term murabaha financing	6	50,002,484	52,761,308
Long-term diminishing musharaka financing	7	8,801,757	13,620,283
Long-term musharaka financing	8	50,044,000	10,044,000
Investments - held to maturity	9	20,361,067	-
Loans to employees		457,670	266,668
Long-term deposits		483,228	205,428
		<u>186,506,665</u>	<u>137,085,764</u>
CURRENT ASSETS			
Current portion of musharaka financing		13,312,773	15,618,686
Cash and bank balances	10	14,942,866	41,631,483
Current portion of long-term murabaha financing		74,816,420	69,072,116
Current portion of long-term diminishing musharaka financing		14,622,258	13,530,546
Current portion of loan to employees		150,000	100,000
Short-term musharaka financing	11	18,000,000	-
Short-term murabaha receivables	12	7,734,117	17,892,380
Advances against murabaha and musharaka		11,200,080	14,400,080
Stores and spares		2,156,973	1,546,792
Trade debts		5,870,870	3,275,075
Accrued profit		3,356,914	626,723
Receivable from Modaraba's management company - a related party		-	11,652
Advances, deposits, prepayments and other receivables	13	5,263,081	6,276,341
Total current assets		<u>171,426,352</u>	<u>183,981,874</u>
TOTAL ASSETS		<u>357,933,017</u>	<u>321,067,638</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate Capital			
Authorised			
25,000,000 (June 30, 2014: 25,000,000) certificates of Rs.10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up		92,230,229	83,845,663
Capital reserves		56,079,021	64,463,587
Unappropriated profit		28,784,525	31,182,775
Total certificate holders' equity		<u>177,093,775</u>	<u>179,492,025</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income		7,175,791	8,302,276
Certificates of musharaka	14	90,893,307	71,500,153
Total non-current liabilities		<u>98,069,098</u>	<u>79,802,429</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	15	9,596,091	7,478,725
Current portion of certificates of musharaka		40,430,700	22,383,271
Current portion of deferred income		19,622,864	21,255,754
Payable to Modaraba's management company - a related party		903,954	-
Unclaimed profit distributions		12,216,535	10,655,434
Total current liabilities		<u>82,770,144</u>	<u>61,773,184</u>
TOTAL EQUITY AND LIABILITIES		<u>357,933,017</u>	<u>321,067,638</u>
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The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Note	Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		----- (Rupees) -----			
Operating income	17	34,816,481	26,845,665	20,232,887	14,435,214
Operating costs					
Provision for doubtful recoveries		263,595	(236,569)	393,921	(276,666)
Operating expenses		21,661,027	(17,179,552)	12,517,963	(9,085,328)
		(21,924,622)	(17,416,121)	(12,911,884)	(9,361,994)
		<u>12,891,859</u>	<u>9,429,544</u>	<u>7,321,003</u>	<u>5,073,220</u>
Other income -net	18	1,900,062	935,266	1,883,279	771,221
		14,791,921	10,364,810	9,204,282	5,844,441
Financial charges		(4,978,358)	(2,028,950)	(3,298,047)	(751,586)
Provision for workers' welfare fund		(196,271)	(166,717)	(118,125)	(101,857)
		9,617,292	8,169,143	5,788,110	4,990,998
Modaraba company's management fee		(961,729)	(816,914)	(578,811)	(499,100)
Sales tax on Modaraba company's management fee		(153,877)	(130,707)	(92,610)	(79,856)
Profit for the period		<u>8,501,686</u>	<u>7,221,522</u>	<u>5,116,689</u>	<u>4,412,042</u>
Earnings per certificate - basic and diluted	19	<u>0.92</u>	<u>0.95</u>	<u>0.55</u>	<u>0.58</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Director

FIRST PARAMOUNT MODARABA
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees) -----			
Profit for the period	8,501,686	7,221,522	5,116,689	4,412,042
Other comprehensive income				
Surplus on revaluation of available-for-sale investments transferred to Profit and loss on sale of investments	-	(182,374)	-	(182,374)
	-	-182,374	-	-182,374
Total comprehensive income for the period	<u>8,501,686</u>	<u>7,039,148</u>	<u>5,116,689</u>	<u>4,229,668</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

 Chief Executive

 Director

 Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended	
	December 31, 2014	December 31, 2013
	----- (Rupees) -----	
Profit for the period	8,501,686	7,221,522
Adjustments for:		
Depreciation on tangible fixed assets	1,591,066	1,566,015
Depreciation on intangible assets	19,897	28,425
Provision for Workers' Welfare Fund	196,271	166,717
Provision for doubtful recoveries	263,595	236,569
Financial charges	4,978,358	2,028,950
Impairment on generator held for sale	-	(78,881)
Loss on sale of assets in own use	657,957	12,079
Operating profit before working capital changes	16,208,830	11,181,396
(Increase) / decrease in assets		
Diminishing musharaka receivables - net	2,137,295	6,421,959
Stores and spares	(610,181)	(70,099)
Long Term deposits	(277,800)	3,000
Trade debtors	(2,595,795)	(764,332)
Receivable from Modaraba management company - a related party	11,652	(1,103,268)
Advances, prepayments and other receivable	(1,957,933)	(4,293,356)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	1,921,151	3,838,356
Payable to modaraba management company	903,954	-
Net cash from operations	15,741,173	15,213,656
Financial charges paid	(4,978,358)	(2,028,950)
Net cash from operating activities	10,762,815	13,184,706
Cash flows from investing activities		
Murabaha receivable - net	(31,954,755)	(30,809,510)
Advance against murabaha	3,200,000	(1,467,080)
Capital expenditure including capital work in progress	(5,802,814)	(10,557,119)
Investment - net	(38,361,067)	2,053,047
Sale proceeds of assets in own use	7,365,456	232,842
Net cash used in investing activities	(65,553,180)	(40,547,820)
Cash flows from financing activities		
Musharaka financing - net	37,440,583	2,582,480
Profit distributed	(9,338,835)	(1,210,792)
Net cash from financing activities	28,101,748	1,371,688
Net (decrease) / increase in cash and cash equivalents	(26,688,617)	(25,991,426)
Cash and cash equivalents at beginning of the period	41,631,483	37,119,973
Cash and cash equivalents at end of the period	14,942,866	11,128,547

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Certificate capital	Reserves				Total
		Capital reserve		Revenue reserves		
		Merger reserve	Statutory reserve	Unrealised gain on revaluation of available-for-sale investments (Rupees)	Unappropriated profit	
Balance as at June 30, 2013	76,223,330	1,935,160	67,673,238	182,374	29,657,252	175,671,354
Profit distribution for the year ended June 30, 2013 @ Rs.1.10 per certificate	-	-	-	-	(8,384,565)	(8,384,565)
Issuance of bonus certificates @ 1 certificate for every 10 certificates (10%) for the period ended December 31, 2013	7,622,333	-	(7,622,333)	-	-	-
Total comprehensive income for the period ended December 31, 2013						
Profit for the period	-	-	-	-	7,221,522	7,221,522
Other comprehensive income	-	-	-	(182,374)	-	(182,374)
Total comprehensive income for the period	-	-	-	(182,374)	7,221,522	7,039,148
Balance as at December 31, 2013	83,845,663	1,935,160	60,050,905	-	28,494,209	174,325,937
Balance as at June 30, 2014	83,845,663	1,935,160	62,528,427	-	31,182,775	179,492,025
Profit distribution for the year ended June 30, 2014 @ Rs.1.30 per certificate	-	-	-	-	(10,899,936)	(10,899,936)
Issuance of bonus certificates @ 1 certificate for every 10 certificates (10%) for the period ended December 31, 2014	8,384,566	-	(8,384,566)	-	-	-
Total comprehensive income for the period ended December 31, 2014						
Profit for the period	-	-	-	-	8,501,686	8,501,686
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	8,501,686	8,501,686
Balance as at December 31, 2014	92,230,229	1,935,160	54,143,861	-	28,784,525	177,093,775

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. LEGAL STATUS AND OPERATIONS

First Paramount Modaraba (the Modaraba) is a multi-purpose, perpetual and multi-dimensional Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed there under and is managed by Paramount Investments Limited, a company incorporated in Pakistan. The Modaraba is listed on the Karachi and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities includes deployment of funds on murabaha and musharika arrangements and generator rental and sale project under the name "AL-BURQ Associates" (formerly known as Advance Trading Corporation), weaving business under the name of "FPM Weaving", electrical maintenance and troubleshooting services' business under the name of "FPM Solutions".

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP have been followed.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

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

New / Revised Standards, Interpretations and Amendments

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

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Modaraba expects that such improvements to the standards will not have any impact on the Modaraba's financial statements for the period.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Modaraba for the year ended June 30, 2014.

		(Unaudited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees) -----	
5. OPERATING FIXED ASSETS			
Tangible fixed assets	5.1	54,165,176	59,087,888
Capital work-in-progress - advance to suppliers		1,840,410	639,647
Intangible assets		179,074	288,743
Generator held for sale		171,799	171,799
		<u>56,356,459</u>	<u>60,188,077</u>
5.1 Cost			
Opening balance		71,956,063	60,723,846
(Disposals) / additions - net		<u>(6,447,987)</u>	<u>11,072,712</u>
		65,508,076	71,796,558
Accumulated depreciation			
Opening balance		12,790,163	9,556,136
For the period - net of disposal		<u>(1,447,263)</u>	<u>3,152,534</u>
		11,342,900	12,708,670
Written down value		<u>54,165,176</u>	<u>59,087,888</u>
6. LONG-TERM MURABAHA FINANCING - secured			
Considered good - secured		124,818,904	121,833,424
Considered doubtful		<u>3,036,449</u>	<u>2,954,388</u>
		127,855,353	124,787,812
Provision for doubtful recoveries		<u>(3,036,449)</u>	<u>(2,954,388)</u>
		124,818,904	121,833,424
Current portion of long-term murabaha financing		<u>(74,816,420)</u>	<u>(69,072,116)</u>
		<u>50,002,484</u>	<u>52,761,308</u>
7. LONG-TERM DIMINISHING MUSHARAKA FINANCING - secured			
Considered good - secured		23,424,015	27,150,829
Current portion of long-term diminishing musharaka financing		<u>(14,622,258)</u>	<u>(13,530,546)</u>
		<u>8,801,757</u>	<u>13,620,283</u>
8. LONG-TERM MUSHARAKA FINANCING - secured			
Musharaka for garments	8.1	13,312,773	15,618,686
Musharaka for fabric	8.2	1,044,000	1,044,000
Musharaka for food products	8.3	6,000,000	6,000,000
Musharaka for printing	8.4	3,000,000	3,000,000
Musharaka for ups system	8.5	20,000,000	-
Musharaka for dry fruits, spices and herbs	8.6	20,000,000	-
		63,356,773	25,662,686
Current portion of long-term musharaka financing		<u>(13,312,773)</u>	<u>(15,618,686)</u>
		<u>50,044,000</u>	<u>10,044,000</u>

- 8.1 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 40:60 respectively.
- 8.2 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 40:60 respectively and loss sharing ratio of 72:28 respectively.
- 8.3 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 30:70 respectively.
- 8.4 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 55:45 respectively.
- 8.5 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 50:50 respectively.
- 8.6 This musharaka arrangement carries a profit and loss sharing ratio between modaraba and musharaka partner of 50:50 respectively.

9. INVESTMENTS - HELD TO MATURITY

- 9.1 This represents investment in Certificates of Investment (COI's) of Meezan Bank Limited, maturing on January 10, 2015. These certificates carry profit rates ranging from 7.98% to 8.03% per annum.

		(Unaudited) December 31, 2014	(Audited) June 30, 2014
	Note	----- (Rupees) -----	
10. CASH AND BANK BALANCES			
Cash in hand		53,104	77,772
Cash at banks			
- Current accounts	10.1	6,941,521	10,462,936
- Deposit accounts	10.2	7,948,241	31,090,775
		<u>14,942,866</u>	<u>41,631,483</u>

- 10.1 This includes Rs.467,554 (June 30, 2014: Rs.3,722,500) in respect of Redemption Reserve Fund established on account of Certificates of Musharaka issued by Modaraba.

- 10.2 Effective profit rate in respect of deposit accounts is 4.48% to 4.51% (June 30, 2014: 3.50% to 5.07%) per annum.

11. SHORT-TERM MUSHARAKA FINANCING

Musharaka for denim water treatment	11.1	15,000,000	-
Musharaka for school's stationary	11.2	3,000,000	-
		<u>18,000,000</u>	<u>-</u>

- 11.1 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 18:82 respectively and loss sharing ratio of 60.26:39.74 respectively.

- 11.2 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 65:35 respectively and loss sharing ratio of 86:14 respectively.

12. SHORT-TERM MURABAHA RECEIVABLE

Considered good - secured	7,734,117	17,892,380
Considered doubtful	-	31,294
	<u>7,734,117</u>	<u>17,923,674</u>
Provision for doubtful recoveries	-	(31,294)
	<u>7,734,117</u>	<u>17,892,380</u>

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
	----- (Rupees) -----	
13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good		
Advances		
Advance against purchase of stocks - FPM Solutions	860,660	693,282
Advance against expenses	1,458,058	2,955,395
Advance against salaries	6,732	10,003
Advance income tax	599,650	378,684
Advance given to weaving project partner	754,765	949,341
Deposits	41,672	41,672
Prepayments		
Prepaid Insurance	402,061	125,192
Prepaid fees and subscriptions	192,376	242,490
Other receivables	947,107	880,282
	<u>5,263,081</u>	<u>6,276,341</u>
14. CERTIFICATES OF MUSHARAKA		
Certificates of musharaka	131,324,007	93,883,424
Current portion of certificates of musharaka	(40,430,700)	(22,383,271)
	<u>90,893,307</u>	<u>71,500,153</u>
14.1 These certificates have different denominations and are repayable within six months to three years. The estimated share of profit on these certificates ranges from 8.75% to 10.30% (June 30, 2014: from 8.75% to 10.30%) per annum.		
15. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	532,330	875,883
Accrued expenses	802,648	453,198
Audit fee payable	125,000	350,000
Sindh sales tax payable	705,608	177,190
Charity payable	849,924	849,924
Liabilities related to generator project	1,146,498	1,266,711
Payable to Workers' Welfare Fund	2,408,734	2,212,463
Liabilities related to weaving project	620,861	-
Liabilities related to FPM Solution project	1,842,750	1,194,095
Others	561,738	99,261
	<u>9,596,091</u>	<u>7,478,725</u>
16. CONTINGENCIES AND COMMITMENTS		
16.1 There is no change in the status of the contingency as disclosed in note 25 to the annual audited financial statements for the year ended June 30, 2014.		
16.2 Commitments for capital expenditure in respect of:		
Intangible assets - computer software	-	720,813

----- (Unaudited) -----					
		Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note		----- (Rupees) -----			
17. OPERATING INCOME					
		11,840,953	12,409,748	6,202,120	6,139,141
		2,471,255	1,715,197	1,280,084	880,456
		7,700,657	629,144	5,677,064	629,144
		6,072,652	7,255,331	3,021,393	3,889,431
	17.1	3,876,211	4,154,631	1,867,573	2,215,428
	17.3	2,854,753	681,614	2,184,653	681,614
		<u>34,816,481</u>	<u>26,845,665</u>	<u>20,232,887</u>	<u>14,435,214</u>

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

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

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

18. OTHER INCOME - NET

		(657,957)	(12,079)	(224,377)	(12,079)
		965,036	228,897	629,412	187,507
		-	233,710	-	233,710
	18.1	172,670	190,490	93,086	109,248
		557,075	-	553,168	-
		361,067	-	361,067	-
		502,171	294,248	470,923	252,835
		<u>1,900,062</u>	<u>935,266</u>	<u>1,883,279</u>	<u>771,221</u>

18.1 This represents Modaraba's management fee. As per the arrangement, the Modaraba has contributed 52.09% of the required fund and Advance Trading Corporation has contributed 47.91%. The investors' group is responsible for the management of Generator project (renting out and sale of generators) for which a management fee of 15% of net profit of generator project after deducting 5% charity and 3% Modaraba management fee will be charged by them.

19. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

	8,501,686	7,221,522	5,116,689	4,412,042
	<u>9,223,023</u>	<u>7,622,334</u>	<u>9,223,023</u>	<u>7,622,334</u>
	<u>0.92</u>	<u>0.95</u>	<u>0.55</u>	<u>0.58</u>

20. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Modaraba comprise the Modaraba management company [Paramount Investments Limited] and their directors and executives / officers. Details of transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial information are given below:

Relationship	Nature of Transaction	----- (Unaudited) -----	
		Half year ended	
		December 31, 2014	December 31, 2013
Management company	Management fee	1,115,606	962,587
Management company	Management fee paid	200,000	1,753,850
Musharaka investor - Generator project	Share of profit	2,471,954	2,727,073
Musharaka investor - Generator project	Management fee	172,670	190,490
Musharaka investor - Weaving project	Share of (loss) / profit	(35,188)	118,427
Musharaka investor - Weaving project	Management fee	-	-
Musharaka investor - Solution project	Share of (loss) / profit	(481,679)	122,342
Musharaka investor - Solution project	Management fee	-	-

21. TAXATION

As per the current tax law, income of non-trading modarabas is exempt from income tax provided they distribute ninety percent of their profit to certificate holders out of current year's total profit after appropriating statutory reserves. As the management intends to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in this condensed interim financial statements.

22. INFORMATION ABOUT BUSINESS SEGMENTS

Segment assets and liabilities

	December 31, 2014 (Un-audited)							
	Generator project		Weaving project		Solutions project			
	Total	Modaraba share	Total	Modaraba share	Total	Modaraba share		
Total assets	65,710,629	34,228,667	31,363,084	20,386,005	9,162,313	9,162,313	294,156,032	357,933,017
Total liabilities	6,943,946	3,617,101	811,665	527,595	2,653,209	2,653,209	174,041,337	180,839,242
	June 30, 2014 (Audited)							
	Generator project		Weaving project		Solutions project			
	Total	Modaraba share	Total	Modaraba share	Total	Modaraba share		
Total assets	63,986,348	33,330,489	31,586,257	20,531,067	1,551,438	1,551,438	265,654,644	321,067,638
Total liabilities	12,504,258	6,513,468	4,670,565	3,035,867	4,414,609	4,414,609	127,611,669	141,575,613
Segment results	For the quarter ended December 31, 2014							
	Generator project		Weaving project		Solutions project			
	Total	Modaraba share	Total	Modaraba share	Total	Modaraba share		
External revenue	5,800,333	3,021,393	3,395,587	1,867,573	2,184,653	2,184,653	13,159,268	20,232,887
Profit before tax	1,923,938	1,002,179	(195,652)	(107,609)	(215,995)	(215,995)	4,438,114	5,116,689

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