



# **FIRST PARAMOUNT MODARABA**

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

for the period ended  
**December 31, 2021 (Un-Audited)**

**Half yearly Report 2021**

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



## *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 best possible way and to promote the human talents, to maximize the profit for certificate holders.
3. It is our mission to constantly endeavour for excellence in all spheres of business activity, maintain its eminent market position, promote lasting relationship with our customers and other stakeholders, and construct a durable and vibrant Pakistan.



### **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

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

**CORPORATE INFORMATION  
FIRST PARAMOUNT MODARABA  
MANAGED BY: PARAMOUNT INVESTMENTS LIMITED**

**BOARD OF DIRECTORS**

|                            |                         |
|----------------------------|-------------------------|
| Mr. Tanveer Ahmed Magoon   | Chairman                |
| Mr. Syed Wajih Hassan      | Chief Executive Officer |
| Mr. Nadeem Iqbal           | Director                |
| Mr. Pir Muhammad Kalia     | Director                |
| Mr. Abrar Ahmed            | Director                |
| Mr. Habib Ahmed Navaid     | Independent Director    |
| Mr. Humayun Mazhar Qureshi | Independent Director    |

**AUDIT COMMITTEE**

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

**HUMAN RESOURCE COMMITTEE**

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

**CHIEF FINANCIAL OFFICER / COMPANY SECRETARY**

Mr. Ammad Jamal

**SHARIAH ADVISOR**

Mufti Muhammad Farhan Farooq

**SHARIAH CONSULTANT**

Mufti Muhammad Najeeb Khan

**CREDIT RATING**

Long term **BBB**

Short Term **A-3**

Out Look Rating Watch development

**By VIS Credit Rating Company**

**AUDITORS OF THE MODARABA**

M/s Riaz Ahmed & Co  
Chartered Accountants

**AUDITORS OF THE MODARABA MANAGEMENT COMPANY**

M/s Rahim Jan & Co.  
Chartered Accountants

**LEGAL ADVISOR**

M/s Raja Qasit Nawaz, Advocates



*First Paramount Modaraba*  
(An Islamic Financial Institution)

**BANKERS**

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

**REGISTERED OFFICE**

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

**SHARE REGISTRAR**

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

#### **DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS**

The Directors of Paramount Investments Limited – the Management Company of First Paramount Modaraba, have pleasure to present the unaudited financial statements for the Half Year ended on 31<sup>st</sup> December, 2021 along with Shari’ah Advisor’s report for the same period.

Modaraba, Alhamdulillah, has posted an after tax profit of PKR 8,247,020/= (EPS =0.6) for the half year ended December 31<sup>st</sup>, 2021, which was PKR 818,805/= (EPS =0.06) for the same period last year. This owed to extraordinary growth in the business of “FPM Petro” – an in-house venture of the Modaraba. The business has performed exceptionally well and posted a Gross Profits of Rs.17,805,970/-. The business is likely to influence (positively) the business profits in the last quarter of the financial year also.

Modaraba has classified its stakes in the Generator Rental Business as “Assets held for sale under IFRS-5” in the half yearly accounts. Management of the Modaraba is optimistic that it will settle its investment in the 12 months period, InshAllah.

Modaraba’s in-house venture – “FPM AML Check” (an AML/CFT Risk compliance vehicle), is Alhamdulillah progressing satisfactorily, with the achievement of some significant breakthroughs during the period. Management is expecting to earn profits from this business in the Last Quarter of the current Financial Year.

Since the introduction of “New Modaraba Regulations”, March 2021, Modaraba industry with the cooperation of Honorable Registrar Modaraba’s office, is in process of adapting and adjusting to these Regulations. Hopefully in the coming weeks, specific guidelines will be drawn with regard to the adherence and adoption of these Regulations.

#### **Acknowledgement:**

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

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

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

Karachi.  
Date: February 25, 2022

S/d  
Syed Wajih Hassan  
(Chief Executive Officer)

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the certificate holders of First Paramount Modaraba**

**Report on review of Interim Financial Information**

### ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of FIRST PARAMOUNT MODARABA ("the Modaraba") as at 31 December 2021 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as "condensed interim financial information") for the six-months period then ended. The Management Company of Modaraba (Paramount Investments Limited) is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three-months period ended 31 December 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-months period ended 31 December 2021.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial 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 condensed interim financial information are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Date: February 25, 2022**  
**KARACHI**

### **Shariah Advisor's Report**

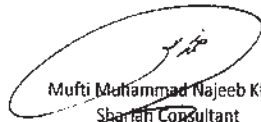
I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the half year ended December 31<sup>st</sup> 2021, in accordance with the requirements as reported hereunder, in my opinion:

1. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
2. The agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
3. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modaraba's.
4. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.

Dated: Feb 07, 2022



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



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

**FIRST PARAMOUNT MODARABA  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT 31 DECEMBER 2021**

|                                                                              |             | <b>Un-audited<br/>31 December<br/>2021<br/>Rupees</b> | <b>Audited<br/>30 June<br/>2021<br/>Rupees</b> |
|------------------------------------------------------------------------------|-------------|-------------------------------------------------------|------------------------------------------------|
| <b>ASSETS</b>                                                                | <b>Note</b> |                                                       |                                                |
| <b>NON-CURRENT ASSETS</b>                                                    |             |                                                       |                                                |
| Fixed assets                                                                 | 5           | 5,614,656                                             | 17,196,015                                     |
| Murabaha financing - secured                                                 | 6           | 68,195,750                                            | 58,500,641                                     |
| Diminishing musharaka financing - secured                                    | 7           | 1,645,692                                             | 4,714,304                                      |
| Musharaka financing - secured                                                | 8           | 12,000,000                                            | 12,000,000                                     |
| Loans to employees                                                           |             | 396,000                                               | 581,000                                        |
| Long-term deposits                                                           |             | 375,500                                               | 380,969                                        |
|                                                                              |             | <b>88,227,598</b>                                     | <b>93,372,929</b>                              |
| <b>CURRENT ASSETS</b>                                                        |             |                                                       |                                                |
| Stores and spares                                                            |             | 537,609                                               | 709,054                                        |
| Stock in trade                                                               |             | 10,523,627                                            | 2,910,442                                      |
| Trade debtors - unsecured                                                    | 9           | 105,197,799                                           | 58,187,619                                     |
| Advances, prepayments and other receivables                                  |             | 34,326,599                                            | 35,189,949                                     |
| Modaraba financing - secured and considered good                             |             | 1,923,382                                             | 8,898,222                                      |
| Short-term murabaha financing - secured                                      |             | 622,074                                               | 5,063,741                                      |
| Current portion of murabaha financing                                        | 6           | 67,135,413                                            | 82,050,659                                     |
| Current portion of diminishing musharaka financing                           | 7           | 5,393,299                                             | 10,340,621                                     |
| Current portion of musharaka financing                                       | 8           | 28,900,000                                            | 28,000,000                                     |
| Current portion of loans to employees                                        |             | 160,000                                               | 360,000                                        |
| Accrued profit                                                               |             | 4,594,277                                             | 5,471,932                                      |
| Tax refunds due from government                                              |             | 41,965,262                                            | 32,593,820                                     |
| Cash and bank balances                                                       | 10          | 57,208,015                                            | 95,126,239                                     |
|                                                                              |             | <b>358,487,356</b>                                    | <b>364,902,298</b>                             |
| Assets classified as held for sale                                           | 11          | 14,162,256                                            | -                                              |
|                                                                              |             | <b>372,649,612</b>                                    | <b>364,902,298</b>                             |
|                                                                              |             | <b>460,877,210</b>                                    | <b>458,275,227</b>                             |
| <b>EQUITY AND LIABILITIES</b>                                                |             |                                                       |                                                |
| <b>CERTIFICATE CAPITAL AND RESERVES</b>                                      |             |                                                       |                                                |
| Authorized certificate capital                                               |             | 250,000,000                                           | 250,000,000                                    |
| 25,000,000 (2021: 25,000,000) certificates of Rupees 10 each (2021: 10 each) |             |                                                       |                                                |
| Issued, subscribed and paid-up certificate capital                           |             | 137,884,193                                           | 137,884,193                                    |
| Capital reserves                                                             |             | 54,293,634                                            | 52,644,230                                     |
| Revenue reserves                                                             |             | 21,024,662                                            | 20,631,836                                     |
|                                                                              |             | <b>213,202,489</b>                                    | <b>211,160,259</b>                             |
| <b>LIABILITIES</b>                                                           |             |                                                       |                                                |
| <b>NON-CURRENT LIABILITIES</b>                                               |             |                                                       |                                                |
| Deferred income                                                              |             | 10,260,165                                            | 9,782,432                                      |
| Certificates of musharaka                                                    | 12          | 126,515,000                                           | 111,250,000                                    |
|                                                                              |             | <b>136,775,165</b>                                    | <b>121,032,432</b>                             |
| <b>CURRENT LIABILITIES</b>                                                   |             |                                                       |                                                |
| Creditors, accrued and other liabilities                                     |             | 14,366,228                                            | 24,141,581                                     |
| Current portion of deferred income                                           |             | 11,326,691                                            | 14,235,543                                     |
| Current portion of certificates of musharaka                                 | 12          | 51,395,000                                            | 66,295,000                                     |
| Accrued profit on certificates of musharaka                                  | 13          | 1,958,818                                             | 1,679,198                                      |
| Unclaimed profit distributions                                               |             | 21,366,792                                            | 19,731,214                                     |
| Provision for taxation                                                       |             | 3,637,325                                             | -                                              |
|                                                                              |             | <b>104,050,854</b>                                    | <b>126,082,536</b>                             |
| Liabilities associated with assets classified as held for sale               | 11          | 6,848,702                                             | -                                              |
|                                                                              |             | <b>110,899,556</b>                                    | <b>126,082,536</b>                             |
|                                                                              |             | <b>460,877,210</b>                                    | <b>458,275,227</b>                             |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                         | 14          |                                                       |                                                |

The annexed notes from 01 to 22 form an integral part of this condensed interim financial information  
For Paramount Investments Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2021**

|                                                                      | Note | Six-Months Period Ended<br>31 December |                | Three-Months Period Ended<br>31 December |                |
|----------------------------------------------------------------------|------|----------------------------------------|----------------|------------------------------------------|----------------|
|                                                                      |      | 2021<br>Rupees                         | 2020<br>Rupees | 2021<br>Rupees                           | 2020<br>Rupees |
| <b>Continued operations</b>                                          |      |                                        |                |                                          |                |
| Operating income                                                     | 15   | 206,236,437                            | 29,138,588     | 78,132,427                               | 16,986,289     |
| Operating costs                                                      |      |                                        |                |                                          |                |
| Operating expenses                                                   |      | (186,880,878)                          | (23,409,372)   | (70,942,664)                             | (13,904,535)   |
| Provision/Reversal against doubtful recoveries of murabaha financing |      | -                                      | 20,000         | -                                        | 20,000         |
|                                                                      |      | (186,880,878)                          | (23,389,372)   | (70,942,664)                             | (13,884,535)   |
|                                                                      |      | 19,355,559                             | 5,749,216      | 7,189,763                                | 3,101,754      |
| Other income                                                         |      | 522,147                                | 1,626,351      | 159,914                                  | 1,066,854      |
|                                                                      |      | 19,877,706                             | 7,375,567      | 7,349,677                                | 4,168,608      |
| Financial charges                                                    |      | (6,403,392)                            | (6,433,611)    | (3,444,089)                              | (3,388,524)    |
|                                                                      |      | 13,474,314                             | 941,956        | 3,905,588                                | 780,084        |
| Modaraba Company's management fee                                    |      | (1,347,431)                            | (106,441)      | (390,558)                                | (88,149)       |
|                                                                      |      | 12,126,883                             | 835,515        | 3,515,030                                | 691,935        |
| Provision for Sindh Workers' Welfare Fund                            |      | (242,538)                              | (16,710)       | (70,301)                                 | (13,838)       |
| <b>Profit before tax from continuing operations</b>                  |      | 11,884,345                             | 818,805        | 3,444,729                                | 678,097        |
| Taxation                                                             | 16   | (3,637,325)                            | -              | (1,189,827)                              | -              |
| <b>Profit after tax from continuing operations</b>                   |      | 8,247,020                              | 818,805        | 2,254,902                                | 678,097        |
| (Loss) / Profit from discontinuing operations                        | 11   | -                                      | -              | -                                        | -              |
| <b>Profit for the year</b>                                           |      | 8,247,020                              | 818,805        | 2,254,902                                | 678,097        |
| <b>Earnings per certificate</b>                                      |      |                                        |                |                                          |                |
| From continuing operations                                           | 17   | 0.60                                   | 0.06           | 0.16                                     | 0.05           |
| From discontinued operations                                         |      | -                                      | -              | -                                        | -              |

The annexed notes from 01 to 22 form an integral part of this condensed interim financial information

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

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX-MONTHS AND THREE-MONTHS PERIOD ENDED 31 DECEMBER 2021**

|                                                                        | Six-Months Period Ended<br>31 December |                | Three-Months Period Ended<br>31 December |                |
|------------------------------------------------------------------------|----------------------------------------|----------------|------------------------------------------|----------------|
|                                                                        | 2021<br>Rupees                         | 2020<br>Rupees | 2021<br>Rupees                           | 2020<br>Rupees |
| Profit after tax from continuing operations                            | <b>8,247,020</b>                       | 818,805        | <b>2,254,902</b>                         | 678,097        |
| <b>OTHER COMPREHENSIVE INCOME</b>                                      |                                        |                |                                          |                |
| Items that will not be reclassified to profit and loss account         | -                                      | -              | -                                        | -              |
| Items that may be reclassified subsequently to profit and loss account | -                                      | -              | -                                        | -              |
| <b>Total comprehensive income for the period</b>                       | <b>8,247,020</b>                       | <b>818,805</b> | <b>2,254,902</b>                         | <b>678,097</b> |

The annexed notes from 01 to 22 form an integral part of this condensed interim financial information

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Office

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**FIRST PARAMOUNT MODARABA  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021**

|                                                               | <b>Six-Months Period Ended<br/>31 December</b> |                        |
|---------------------------------------------------------------|------------------------------------------------|------------------------|
|                                                               | <b>2021<br/>Rupees</b>                         | <b>2020<br/>Rupees</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                                                |                        |
| Profit before tax from continuing operations                  | 11,884,345                                     | 818,805                |
| <b>Adjustments for non-cash items:</b>                        |                                                |                        |
| Depreciation                                                  | 447,330                                        | 536,963                |
| Amortization                                                  | 90,054                                         | 128,648                |
| Gain on disposal                                              | (585)                                          |                        |
| Provision for Sindh Worker's Welfare Fund                     | 242,538                                        | 16,710                 |
| Financial charges                                             | 6,403,392                                      | 6,433,611              |
| Provision/(reversal) of against doubtful debts                | 250,012                                        | (20,000)               |
| <b>Operating profit before working capital changes</b>        | <b>19,317,086</b>                              | <b>7,914,737</b>       |
| <b>(Increase) / decrease in current assets</b>                |                                                |                        |
| Murabaha financing - net                                      | 9,411,792                                      | (35,953,292)           |
| Diminishing Musharaka financing - net                         | 8,015,934                                      | (18,553,442)           |
| Musharaka financing - net                                     | (900,000)                                      |                        |
| Modaraba financing - net                                      | 6,974,840                                      | 82,500                 |
| Stores and spares                                             | (7,613,389)                                    | (347,460)              |
| Trade debts                                                   | (47,010,180)                                   | 21,258,613             |
| Loans to employees                                            | 385,000                                        | 78,000                 |
| Advances, prepayments and other receivables                   | (1,972,228)                                    | (3,311,616)            |
| Accrued profit                                                | 877,655                                        | (1,178,891)            |
| <b>Decrease in current liabilities</b>                        |                                                |                        |
| Deferred income                                               | (2,431,119)                                    | 12,966,236             |
| Creditors, accrued and other liabilities                      | (3,169,189)                                    | 4,953,831              |
| <b>Net cash used in operations</b>                            | <b>(18,113,798)</b>                            | <b>(12,090,784)</b>    |
| Bank charges paid                                             | (44,469)                                       | (63,339)               |
| Taxes paid                                                    | (9,371,442)                                    | (1,737,068)            |
| <b>Net cash used in operating activities</b>                  | <b>(27,529,709)</b>                            | <b>(13,891,191)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                                                |                        |
| Additions of fixed assets                                     | (116,000)                                      | (1,134,500)            |
| Disposal in fixed assets                                      | 11,000                                         | -                      |
| <b>Net cash used in investing activities</b>                  | <b>(105,000)</b>                               | <b>(1,134,500)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                                                |                        |
| Certificate of musharaka - issuance                           | 14,890,000                                     | 22,303,800             |
| Certificate of musharaka - redemptions                        | (14,525,000)                                   | (10,650,000)           |
| Profit paid to certificates of Mushraka (COM) holder          | (6,079,303)                                    | (6,434,004)            |
| Profit distribution to certificate holders                    | (4,569,212)                                    | (4,137,844)            |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(10,283,515)</b>                            | <b>1,081,952</b>       |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(37,918,224)</b>                            | <b>(13,943,739)</b>    |
| <b>Cash and cash equivalents at beginning of the period</b>   | <b>95,126,239</b>                              | <b>75,852,255</b>      |
| <b>Cash and cash equivalents at end of the period</b>         | <b>57,208,015</b>                              | <b>61,908,516</b>      |

The annexed notes from 01 to 22 form an integral part of this condensed interim financial information

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

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021**

|                                                                                   | Issued, subscribed and paid up certificate capital | Reserves      |                   |                       | Revenue               | Total       |
|-----------------------------------------------------------------------------------|----------------------------------------------------|---------------|-------------------|-----------------------|-----------------------|-------------|
|                                                                                   |                                                    | Capital       | Revenue           | Unappropriated profit |                       |             |
|                                                                                   |                                                    | Merge reserve | Statutory reserve | Total                 | Unappropriated profit | Total       |
| Rupees                                                                            | Rupees                                             | Rupees        | Rupees            | Rupees                | Rupees                | Rupees      |
| <b>Balance as at 30 June 2020 (Audited)</b>                                       | 137,884,193                                        | 1,935,160     | 49,168,454        | 51,103,614            | 19,295,319            | 208,283,126 |
| <b>Transaction with owners:</b>                                                   |                                                    |               |                   |                       |                       |             |
| Profit distribution for the year ended 30 June 2020 @ Rupees 0.35 per certificate | -                                                  | -             | -                 | -                     | (4,825,947)           | (4,825,947) |
| Profit after taxation                                                             | -                                                  | -             | -                 | -                     | 818,805               | 818,805     |
| Other comprehensive income                                                        | -                                                  | -             | -                 | -                     | 818,805               | 818,805     |
| Other comprehensive income                                                        | -                                                  | -             | -                 | -                     | (163,761)             | (163,761)   |
| Transferred to statutory reserve @ 20%                                            | 137,884,193                                        | 1,935,160     | 163,761           | 163,761               | 15,124,416            | 204,275,584 |
| <b>Balance as at 31 December 2020 (Un-audited)</b>                                |                                                    |               |                   |                       |                       |             |
| <b>Total comprehensive income:</b>                                                |                                                    |               |                   |                       |                       |             |
| Profit after taxation                                                             | -                                                  | -             | -                 | -                     | 6,884,275             | 6,884,275   |
| Other comprehensive income                                                        | -                                                  | -             | -                 | -                     | 6,884,275             | 6,884,275   |
| Transferred to statutory reserve @ 20%                                            | -                                                  | -             | 1,376,855         | 1,376,855             | (1,376,855)           | -           |
| <b>Balance as at 30 June 2021 (Audited)</b>                                       | 137,884,193                                        | 1,935,160     | 50,709,070        | 52,644,230            | 20,631,836            | 211,160,259 |
| <b>Transaction with owners:</b>                                                   |                                                    |               |                   |                       |                       |             |
| Profit distribution for the year ended 30 June 2021 @ Rupees 0.45 per certificate | -                                                  | -             | -                 | -                     | (6,204,790)           | (6,204,790) |
| <b>Total comprehensive income:</b>                                                |                                                    |               |                   |                       |                       |             |
| Profit after taxation                                                             | -                                                  | -             | -                 | -                     | 8,247,020             | 8,247,020   |
| Other comprehensive income                                                        | -                                                  | -             | -                 | -                     | -                     | -           |
| Transferred to statutory reserve @ 20%                                            | -                                                  | -             | 1,649,404         | 1,649,404             | (1,649,404)           | -           |
| <b>Balance as at 31 December 2021 (Un-audited)</b>                                | 137,884,193                                        | 1,935,160     | 52,358,474        | 54,293,634            | 21,024,662            | 213,202,489 |

The annexed notes from 01 to 22 form an integral part of this condensed interim financial information

For Paramount Investments Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 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 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 has a branch office situated in Islamabad, the Capital territory.

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

- (a) Generator rental and sale project under the name "AL-BURQ Associates";
- (b) Electrical maintenance and troubleshooting services' under the name of "FPM Solutions";
- (c) Chemical business under the name of "FPM Petro Services";
- (d) Engineering products and solutions to upstream service companies under the name of "FPM Geo Dynamics International"; and
- (e) Consultancy business under the name of "FPM Consulting".

**2. BASIS OF PREPARATION**

- 2.1** This condensed interim financial information of the Modaraba have been prepared in accordance with:

- International Accounting Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB);
- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation 2021;
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

In case where requirements differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations 2021 and directives issued by SECP shall prevail.

- 2.2** This condensed interim financial information are un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements under Section 237(1) of Companies Act, 2017 and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.
- 2.3** This condensed interim financial information has been prepared under the historical cost convention.
- 2.4** This condensed interim financial information is prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency and figures presented in this condensed interim financial information have been rounded off to the nearest rupee.
- 2.5** This condensed interim financial information do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the annual financial statement of the Modaraba for the year ended 30 June 2021. The comparative balance sheet presented has been extracted from annual financial statement for the year ended 30 June 2021, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the un-audited condensed interim financial information for the six-months period ended 31 December 2020.

### **2.6 Discontinued Operations**

During the period, Modaraba and its Partner "AL-BURQ Associates" through its members, proposed to dispose the musharika agreement of Advance Trading Corporation (ATC) which was duly approved by the board of directors in their meeting held on 26th October 2021 therefore, classified as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Board considered the operation met the criteria to be classified as held for sale at that date for the following reasons;

- The operation and its assets (5 Generators) are available for immediate sale in its current condition.
- The Board has received a memorandum of understanding with its existing musharik and expects the sale to be completed within 12 months period, effective from 1 January 2022. For more details on the discontinued operation, refer note 11.

### **3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual financial information for the year ended 30 June 2021 except for the followings:

#### **3.1 Change in Accounting Policy**

In preceding year, SECP extended the applicability of IFRS 9, "Financial Instruments" for Modarabas for reporting period/year on or after 30 June 2022 with an option of early adoption. The Modaraba has already adopted all the requirements of IFRS 9 in previous years with the exception of determining the provision against financing (Murabaha, Diminishing Musharaka and Musharaka). Previously, the provision

against Murabaha, Diminishing Musharaka and Musharaka financings was determined in accordance with the requirements of the Prudential Regulations (now Modaraba Regulations, 2021) issued by SECP. Effective from 01 July 2021, the Modaraba has adopted the requirements of IFRS 9 for determination of provision against financing using Expected Credit Loss (ECL) model following the modified retrospective approach. The ECL has an impact on the financial assets of the Modaraba which are exposed to credit risk. Upon adoption of ECL model under IFRS 9, the Modaraba while recognizing provision for impaired assets has considered the amount which is 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.

The Modaraba is in the process of computing the impact of the application of ECL model on financing as at the reporting date. However, the management expects the impact not to be material considering the provision already accounted for using the Modaraba Regulations, 2021 in this condensed interim financial information.

### **3.2 Non-current assets held for sale and discontinued operations**

The Modaraba classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is immediately available for sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the profit and loss account.

Property, plant and equipment and intangible are not depreciated or amortized once classified as held for sale.

## **4. FINANCIAL RISK MANAGEMENT**

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial information do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Modaraba's audited annual financial statements for the year ended 30 June 2021.

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Un-audited<br>31 December<br>2021<br>Rupees | Audited<br>30 June<br>2021<br>Rupees |                   |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------|-------------------|
| 5.  | <b>FIXED ASSETS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Note</b>                                 |                                      |                   |
|     | Tangible assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5.1                                         | <b>5,104,352</b>                     | 16,595,657        |
|     | Intangible assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 5.2                                         | <b>510,304</b>                       | 600,358           |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>5,614,656</b>                     | <b>17,196,015</b> |
| 5.1 | <b>Tangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             |                                      |                   |
|     | Opening net book value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             | <b>16,595,657</b>                    | 16,460,498        |
|     | Additions during the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                             | <b>116,000</b>                       | 1,213,500         |
|     | Disposal during the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             | <b>(10,415)</b>                      | -                 |
|     | Non current asset classified as held for sale                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 11                                          | <b>(11,149,560)</b>                  | -                 |
|     | Depreciation charged during the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             | <b>(447,330)</b>                     | (1,078,341)       |
|     | Closing net book value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             | <b>5,104,352</b>                     | <b>16,595,657</b> |
| 5.2 | <b>Intangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                             |                                      |                   |
|     | Opening net book value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             | <b>600,358</b>                       | 857,654           |
|     | Amortization charged during the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             | <b>(90,054)</b>                      | (257,296)         |
|     | Closing net book value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             | <b>510,304</b>                       | <b>600,358</b>    |
| 6.  | <b>MURABAHA FINANCING - SECURED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                             |                                      |                   |
|     | Considered good                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>135,331,163</b>                   | 140,551,300       |
|     | Considered doubtful                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6.1                                         | <b>2,562,883</b>                     | 2,562,883         |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6.2                                         | <b>137,894,046</b>                   | 143,114,183       |
|     | Allowance for expected credit losses                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                             | <b>(2,562,883)</b>                   | (2,562,883)       |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>135,331,163</b>                   | 140,551,300       |
|     | Current portion of murabaha financing                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6.3                                         | <b>(67,135,413)</b>                  | (82,050,659)      |
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>68,195,750</b>                    | <b>58,500,641</b> |
| 6.1 | <b>Movement in allowance for expected credit losses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                             |                                      |                   |
|     | Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>2,562,883</b>                     | 2,627,529         |
|     | Charge for the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             | -                                    | 13,822            |
|     | Reversal made during the period / year                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                             | -                                    | (78,468)          |
|     | Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             | <b>2,562,883</b>                     | <b>2,562,883</b>  |
| 6.2 | The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred alongwith specified profit margin. Murabaha sale is receivable in installments. These arrangements are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 452.943 million (30 June 2021: Rupees 439.11 million) in aggregate. |                                             |                                      |                   |
|     | These facilities have various maturity dates up to 12 July 2025. Effective profit rate on these arrangements ranges from 9% to 23% (30 June 2021: 9% to 23%).                                                                                                                                                                                                                                                                                                                                              |                                             |                                      |                   |

**6.3 Contractual receivables from murabaha financing facilities:**

|                                          | Principal<br>Rupees | Profit<br>Rupees  | Total<br>Rupees    |
|------------------------------------------|---------------------|-------------------|--------------------|
| <b>31 December 2021 - Un-audited</b>     |                     |                   |                    |
| Due within one year / overdue            | 56,299,648          | 10,835,765        | 67,135,413         |
| Due after one year but within five years | 58,308,344          | 12,450,289        | 70,758,633         |
| Due after five years                     | -                   | -                 | -                  |
|                                          | <b>114,607,992</b>  | <b>23,286,054</b> | <b>137,894,046</b> |

|                                          | Principal<br>Rupees | Profit<br>Rupees  | Total<br>Rupees    |
|------------------------------------------|---------------------|-------------------|--------------------|
| <b>30 June 2021 - Audited</b>            |                     |                   |                    |
| Due within one year / overdue            | 69,880,515          | 12,170,144        | 82,050,659         |
| Due after one year but within five years | 48,053,413          | 13,010,111        | 61,063,524         |
| Due after five years                     | -                   | -                 | -                  |
|                                          | <b>117,933,928</b>  | <b>25,180,255</b> | <b>143,114,183</b> |

|                                                     | Note      | Un-audited<br>31 December<br>2021<br>Rupees | Audited<br>30 June<br>2021<br>Rupees |
|-----------------------------------------------------|-----------|---------------------------------------------|--------------------------------------|
| <b>7. DIMINISHING MUSHARAKA FINANCING - SECURED</b> |           |                                             |                                      |
| Considered good                                     |           | 7,038,991                                   | 15,054,925                           |
| Current portion of diminishing musharaka financing  | 7.1 & 7.2 | (5,393,299)                                 | (10,340,621)                         |
|                                                     |           | <b>1,645,692</b>                            | <b>4,714,304</b>                     |

- 7.1** This represents financing provided to individuals under diminishing musharaka arrangement for purchase of vehicles and buildings. The effective profit rates on these arrangements ranges from 16% to 23.4% (30 June 2021: 16% to 23%) per annum and this is repayable on monthly basis over a maximum period of 5 years. These facilities have various maturity dates up to 15 February 2023. The financing is secured by mortgage of properties, hypothecation and personal guarantee of the borrower. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 138.82 million (30 June 2021: Rupees 138.82 million) in aggregate.

**7.2 Contractual rentals receivable from diminishing musharaka financing facilities:**

|                                          | Principal<br>Rupees | Profit<br>Rupees | Total<br>Rupees  |
|------------------------------------------|---------------------|------------------|------------------|
| <b>31 December 2021 - Un-audited</b>     |                     |                  |                  |
| Due within one year                      | 4,902,373           | 490,926          | 5,393,299        |
| Due after one year but within five years | 1,488,356           | 157,336          | 1,645,692        |
| Due after five years                     | -                   | -                | -                |
|                                          | <b>6,390,729</b>    | <b>648,262</b>   | <b>7,038,991</b> |

| <b>30 June 2021 - Audited</b>            |                   |                  |                   |
|------------------------------------------|-------------------|------------------|-------------------|
| Due within one year                      | 8,501,392         | 1,839,229        | 10,340,621        |
| Due after one year but within five years | 4,173,972         | 540,332          | 4,714,304         |
| Due after five years                     | -                 | -                | -                 |
|                                          | <b>12,675,364</b> | <b>2,379,561</b> | <b>15,054,925</b> |

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Un-audited<br/>31 December<br/>2021<br/>Rupees</b> | <b>Audited<br/>30 June<br/>2021<br/>Rupees</b> |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|
| <b>8. MUSHARAKA FINANCING - SECURED</b>                              | <b>Note</b>                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                       |                                                |
| <b>Musharaka agreements for:</b>                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| Garments                                                             | 8.1                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>900,000</b>                                        | -                                              |
| Food products                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>12,000,000</b>                                     | 12,000,000                                     |
| Books printing - I                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>8,000,000</b>                                      | 8,000,000                                      |
| Books printing - II                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>20,000,000</b>                                     | 20,000,000                                     |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>40,900,000</b>                                     | 40,000,000                                     |
| Less: Current portion of musharaka financing                         | 8.3                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>(28,900,000)</b>                                   | (28,000,000)                                   |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>12,000,000</b>                                     | 12,000,000                                     |
| <b>8.1</b>                                                           | During the period, the Modaraba signed a musharaka arrangement amounting to Rupees 2.592 million for manufacture of 2,400 uniforms with a Musharaka partner. The profit on the investment is shared between Modaraba and the musharaka partner in the ratio of 55:45, respectively and musharaka partner have repaid principal amounting to Rupees 1.692 million. The financing is secured by way of mortgage of immoveable property. |                                                       |                                                |
| <b>8.2</b>                                                           | The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 52.956 million (30 June 2021: Rupees 50.2 million) in aggregate.                                                                                                                                                                                                                                                                         |                                                       |                                                |
| <b>8.3 Contractual receivable on Musharaka financing facilities:</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| Due within one year                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>28,900,000</b>                                     | 28,000,000                                     |
| Due after one year but within five years                             |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>12,000,000</b>                                     | 12,000,000                                     |
| Due after five years                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | -                                                     | -                                              |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>40,900,000</b>                                     | 40,000,000                                     |
| <b>9. TRADE DEBTORS - unsecured</b>                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| Considered good                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>105,197,799</b>                                    | 58,187,619                                     |
| Considered doubtful                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>3,539,478</b>                                      | 3,289,466                                      |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>108,737,277</b>                                    | 61,477,085                                     |
| Allowance for expected credit losses                                 | 9.1                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>(3,539,478)</b>                                    | (3,289,466)                                    |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>105,197,799</b>                                    | 58,187,619                                     |
| <b>9.1 Movement in allowance for expected credit losses:</b>         |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| Opening balance                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>3,289,466</b>                                      | 3,289,466                                      |
| Charge for the period / year                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>250,012</b>                                        | -                                              |
| Closing balance                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>3,539,478</b>                                      | 3,289,466                                      |
| <b>10. CASH AND BANK BALANCES</b>                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| Cash in hand                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>134,998</b>                                        | 86,799                                         |
| Cash at banks                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |                                                |
| - Current accounts                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>11,416,603</b>                                     | 33,490,778                                     |
| - Deposit accounts                                                   | 10.1 & 10.2                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>45,656,414</b>                                     | 61,548,662                                     |
|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>57,208,015</b>                                     | 95,126,239                                     |
| <b>10.1</b>                                                          | This includes Rupees 16,345,328 (30 June 2021: Rupees 23,938,739 ) in respect of Redemption Reserve Fund established on account of certificates of musharaka.                                                                                                                                                                                                                                                                         |                                                       |                                                |
| <b>10.2</b>                                                          | Effective profit rate in respect of deposit accounts ranges from 3.5% to 4% (30 June 2021: 2.75% to 4.21%) per annum.                                                                                                                                                                                                                                                                                                                 |                                                       |                                                |

## 11 NET ASSETS CLASSIFIED AS HELD FOR SALE

During the period, Modaraba through its members, proposed to dispose the musharika agreement of Advance Trading Corporation (ATC) under certain conditions which was duly approved by the board of directors in their meeting held on 26th October 2021. At the reporting date the business is classified as held for sale under IFRS 5 "Non current asset held for sale and discontinued operations", as the investment of Modaraba is expected to be recovered within 12 months under the agreed terms. The details of net assets of the segment as at 31st December 2021 are as follows:

|                                               | Un-audited<br>31 December<br>2021<br>Rupees | Un-audited<br>31 December<br>2020<br>Rupees |
|-----------------------------------------------|---------------------------------------------|---------------------------------------------|
| Revenue                                       | -                                           | -                                           |
| Operating expenses                            | -                                           | (55)                                        |
| Other operating income                        | -                                           | -                                           |
| Operating Loss                                | -                                           | (55)                                        |
| Finance cost                                  | -                                           | -                                           |
| loss before tax from a discontinued operation | -                                           | (55)                                        |
| Taxation                                      | -                                           | -                                           |
| loss after tax from a discontinued operation  | -                                           | (55)                                        |

### Net assets of discontinued operations

#### Assets of discontinued operation

|                                             |                   |
|---------------------------------------------|-------------------|
| Fixed assets                                | 11,149,560        |
| Long term deposit                           | 5,469             |
| Stores and spares                           | 171,649           |
| Advances, prepayments and other receivables | 2,835,578         |
| <b>Total assets</b>                         | <b>14,162,256</b> |

#### Liabilities of discontinued operation

|                                                           |                  |
|-----------------------------------------------------------|------------------|
| Creditors, accrued and other liabilities                  | 6,848,702        |
| <b>Total Liabilities</b>                                  | <b>6,848,702</b> |
| <b>Net assets directly associated with disposal group</b> | <b>7,313,554</b> |

The net cashflow incurred by Advance Trading Corporation are as follows:

|                      |          |          |
|----------------------|----------|----------|
| Operating            | -        | -        |
| Investing            | -        | -        |
| Financing            | -        | -        |
| <b>Net cash flow</b> | <b>-</b> | <b>-</b> |

### Impairment of Generators

Immediately before the classification of Advance Trading Corporation (ATC) as a discontinued operation, the recoverable amount was estimated of all the generators and no impairment loss was identified. Following the classification also, no impairment loss was recognized as fair value less cost to sale of the disposed item exceeds its carrying value.

|                                                    |             | <b>Un-audited<br/>31 December<br/>2021<br/>Rupees</b> | <b>Un-audited<br/>31 December<br/>2020<br/>Rupees</b> |
|----------------------------------------------------|-------------|-------------------------------------------------------|-------------------------------------------------------|
| <b>12. CERTIFICATES OF MUSHARAKA</b>               | <b>Note</b> |                                                       |                                                       |
| Opening balance                                    |             | <b>177,545,000</b>                                    | 175,691,200                                           |
| Issued during the period / year                    |             | <b>14,890,000</b>                                     | 38,228,800                                            |
| Redemption made during the period / year           |             | <b>(14,525,000)</b>                                   | (36,375,000)                                          |
|                                                    |             | <b>177,910,000</b>                                    | 177,545,000                                           |
| Less: Current portion of certificates of musharaka |             | <b>(51,395,000)</b>                                   | (66,295,000)                                          |
|                                                    |             | <b>126,515,000</b>                                    | 111,250,000                                           |

- 12.1** As per Prudential Regulations for Modarabas issued by the SECP vide S.R.O. 284(I)/2021 dated March 05, 2021, the permission to issue Certificates of Musharaka by a Modaraba shall automatically stand suspended with the immediate effect, if the Modaraba becomes non-compliant with any or all of conditions prescribed in Rule(19) of prudential regulations. However, existing Modarabas having valid permission to issue COM which are non-compliant with the conditions shall comply with the requirements within one year of the coming into force of the Regulations. Provided further that during the interim period of one year, the total COM of such modarabas shall be capped at the existing level i.e. the outstanding at the date of coming in to the force of the Regulations. The Modaraba is non-compliant with certain conditions laid down in Rule (19) as at coming into force of the Regulations and is in the process to comply with the requirements during the extended time of one year.

- 12.2** A Redemption Reserve Fund is established on account of Certificate of Musharaka. These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 6% to 7.5% (30 June 2021: 6.25% to 7.5%) per annum (refer Note 10.1).

**13. ACCRUED PROFIT ON CERTIFICATES OF MUSHARIKA**

|                              |                    |              |
|------------------------------|--------------------|--------------|
| Opening balance              | <b>1,679,198</b>   | 2,658,107    |
| Add: accrued during the year | <b>6,358,923</b>   | 11,919,296   |
| Less: paid during the year   | <b>(6,079,303)</b> | (12,898,205) |
| Closing balance              | <b>1,958,818</b>   | 1,679,198    |

**14. CONTINGENCIES AND COMMITMENTS**

**a) Contingencies**

- 14.1** There has been no significant change in the status of contingencies as disclosed in the annual financial information of the Modaraba for the year ended 30 June 2021 .

**b) Commitments**

There were no commitments as at reporting date. (30 June 2021: Nil)

|                                   |      | Un-audited<br>Six-months period ended<br>31 December<br>2021<br>Rupees | Un-audited<br>Six-months period ended<br>31 December<br>2020<br>Rupees | Un-audited<br>Three-months period ended<br>31 December<br>2021<br>Rupees | Un-audited<br>Three-months period ended<br>31 December<br>2020<br>Rupees |
|-----------------------------------|------|------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>15. OPERATING INCOME</b>       |      |                                                                        |                                                                        |                                                                          |                                                                          |
| Profit on:                        |      |                                                                        |                                                                        |                                                                          |                                                                          |
| - murabaha financing              |      | 10,377,462                                                             | 10,048,450                                                             | 4,947,053                                                                | 5,271,980                                                                |
| - diminishing musharaka financing |      | 776,463                                                                | 3,128,706                                                              | 301,647                                                                  | 2,078,490                                                                |
| - musharaka financing             |      | 1,032,000                                                              | 1,172,737                                                              | 582,000                                                                  | 294,014                                                                  |
| Income from:                      |      |                                                                        |                                                                        |                                                                          |                                                                          |
| - FPM Solution                    | 15.1 | 3,015,530                                                              | 6,314,814                                                              | 1,836,505                                                                | 5,027,324                                                                |
| - FPM Petro                       | 15.2 | 191,034,982                                                            | 8,473,881                                                              | 70,465,222                                                               | 4,314,481                                                                |
|                                   |      | <b>206,236,437</b>                                                     | <b>29,138,588</b>                                                      | <b>78,132,427</b>                                                        | <b>16,986,289</b>                                                        |

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

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

#### 16. TAXATION

|          |      |                  |          |
|----------|------|------------------|----------|
| Current  | 16.1 | 3,637,325        | -        |
| Deferred | 16.2 | -                | -        |
|          |      | <b>3,637,325</b> | <b>-</b> |

16.1 On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021, (Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn from July 1, 2021 through Finance Act 2021. The Income of Modaraba is now taxable at corporate rates and is treated accordingly in this Financial information.

16.2 Deferred tax asset as at 31 December 2021 to the extent of Rupees 488,680 has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

#### 17. EARNINGS PER CERTIFICATE

|                                                                    |            |            |            |            |
|--------------------------------------------------------------------|------------|------------|------------|------------|
| Profit for the period attributable to certificate holders - Rupees | 8,247,020  | 818,805    | 2,254,902  | 678,097    |
| Weighted average number of certificates -                          | 13,788,420 | 13,788,420 | 13,788,420 | 13,788,420 |
| Earnings per certificate - Rupees                                  | 0.60       | 0.06       | 0.16       | 0.05       |

17.1 There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there are no convertible instruments in issue as at 31 December 2021 and 30 June 2021 which would have any effect on the earnings per certificate if the option to convert is exercised.

#### 18. TRANSACTIONS WITH RELATED PARTIES

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

##### a) Transactions during the year

| Relationship with the Modaraba | Name of related party                                      | Basis of relationship                  | Nature of transactions                                               | Un-audited Six-month period ended |                      |
|--------------------------------|------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------|-----------------------------------|----------------------|
|                                |                                                            |                                        |                                                                      | 31 December 2021                  | 31 December 2020     |
|                                |                                                            |                                        |                                                                      | Rupees                            | Rupees               |
| i.                             | Management Company Limited                                 | Investments 14.26% certificate holding | Management fee<br>Expense allocated                                  | 1,347,431<br>158,276              | 106,441<br>158,276   |
|                                |                                                            |                                        | Payments made during the period<br>Profit distributed                | 2,231,061<br>884,596              | 2,231,061<br>688,180 |
| ii.                            | Musharaka Investors - Generator Project                    | AL-BURQ Associates                     | Modaraba's share of loss in joint operation                          | -                                 | 55                   |
| iii.                           | Directors                                                  | -                                      | Rent paid<br>Profit distribution                                     | 424,434<br>383,977                | 771,951<br>297,686   |
| iv.                            | Staff retirement funds Limited - Employees' Provident Fund | Unfunded provident fund scheme         | Contribution to the Fund<br>Profit paid on certificates of musharaka | 241,498<br>50,750                 | 265,008<br>52,932    |
| b)                             | Balances receivable / (payable)                            |                                        |                                                                      | Un-audited 31 December 2021       | Audited 30 June 2021 |
|                                |                                                            |                                        |                                                                      | Rupees                            | Rupees               |

|      |                                         |                                                         |                                |                                                                         |                        |                        |
|------|-----------------------------------------|---------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------|------------------------|------------------------|
| i.   | Management Company Limited              | Paramount Investments Limited                           | 14.26% certificate holding     | Other receivables                                                       | 4,430,343              | 3,272,066              |
| ii.  | Musharaka Investors - Generator Project | Al-Burq Associates                                      | 47.91% share of Modaraba       | Other payable                                                           | -                      | (1,119,454)            |
| iii. | Directors                               | -                                                       | -                              | Security deposit                                                        | 217,800                | 217,800                |
| iv.  | Staff retirement benefit funds          | Paramount Investment Limited - Employees Provident Fund | Unfunded provident fund scheme | Certificates of musharaka<br>Accrued profit on certificate of musharaka | (1,400,000)<br>(2,774) | (1,400,000)<br>(2,535) |

# 19. INFORMATION ABOUT BUSINESS SEGMENTS

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

## a) Segment assets and liabilities

| As at 31 December 2021 (Un-audited) |                   |              |                  |               |              |                    |               |
|-------------------------------------|-------------------|--------------|------------------|---------------|--------------|--------------------|---------------|
|                                     | Generator project |              |                  |               | Total        |                    |               |
|                                     | Financing         | Total        | Modaraba's share | FPM Solutions |              | FPM Petro Services | Others        |
| Segment assets                      | Rupees            | Rupees       | Rupees           | Rupees        | Rupees       | Rupees             | Rupees        |
|                                     | 278,051,014       | 27,188,051   | 14,162,256       | 19,034,586    | 149,366,488  | 262,866            | 460,877,210   |
| Segment liabilities                 | (147,450,767)     | (13,147,825) | (6,848,702)      | (23,667,720)  | (69,640,281) | (67,251)           | (247,674,721) |

## As at 30 June 2021 (Audited)

|                     | Generator project |              |                  |               |                    |           |               |
|---------------------|-------------------|--------------|------------------|---------------|--------------------|-----------|---------------|
|                     | Financing         | Total        | Modaraba's share | FPM Solutions | FPM Petro Services | Others    | Total         |
| Segment assets      | Rupees            | Rupees       | Rupees           | Rupees        | Rupees             | Rupees    | Rupees        |
|                     | 328,929,121       | 21,675,869   | 11,290,960       | 33,946,212    | 83,747,948         | 360,988   | 458,775,229   |
| Segment liabilities | (171,553,562)     | (31,146,505) | (16,224,214)     | (37,511,798)  | (21,678,143)       | (147,251) | (247,114,968) |

## b) Segment results

|                            | For the six-months period ended 31 December 2021 (Un-audited) |       |                  |           |                    |           |             |
|----------------------------|---------------------------------------------------------------|-------|------------------|-----------|--------------------|-----------|-------------|
|                            | Generator project                                             |       | Modaraba's share |           | FPM Petro Services |           | Others      |
| Revenue                    | Financing                                                     | Total | Rupees           | Rupees    | Rupees             | Rupees    | Rupees      |
|                            | 12,185,925                                                    | -     | -                | 3,015,530 | 191,034,982        | -         | 206,236,437 |
| Profit / (loss) before tax | (6,218,031)                                                   | -     | -                | 314,730   | 17,805,970         | (18,324)  | 11,884,345  |
|                            | For the six-months period ended 31 December 2020 (Un-audited) |       |                  |           |                    |           |             |
|                            | Generator project                                             |       | Modaraba's share |           | FPM Petro Services |           | Others      |
| Revenue                    | Financing                                                     | Total | Rupees           | Rupees    | Rupees             | Rupees    | Rupees      |
|                            | 14,349,893                                                    | -     | -                | 6,314,814 | 8,473,881          | -         | 29,138,588  |
| Profit / (loss) before tax | 100,088                                                       | -     | -                | 108,650   | 712,078            | (101,956) | 818,860     |

## 20. CAPITAL RISK MANAGEMENT

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

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distribution to certificate holders.

## 21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorized for issue on 25 February, 2022 by the Board of Directors of the Modaraba's Management Company.

## 22. GENERAL

- 22.1** No significant reclassification or rearrangement of the corresponding figures has been made during the period in this condensed interim financial information.
- 22.2** Figures have been rounded off to the nearest Rupee unless otherwise stated.

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



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