

► Contents

Mission and Vision & Statement of Ethics 02

Corporate Information 03

Directors' Report 05

Key Operating & Financial Data 07

Statement of Compliance 08

Review Report 10

Auditors' Report 11

Balance Sheet 13

Profit & Loss Account 14

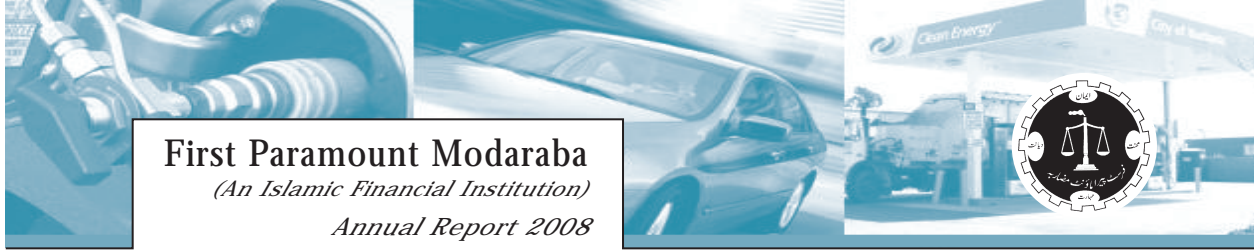
Cash Flow Statement 15

Statement of Changes in Equity 16

Notes to the Financial Statements 17

Pattern of Certificate Holding 38

Notice of Review Meeting 40



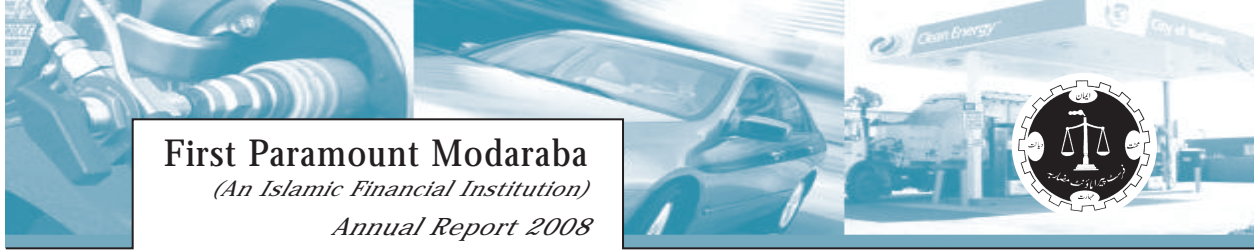
First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Sharia with its true spirit.
2. To employ the Modaraba funds in the best possible way and to promote the human talents, to maximize the profit for certificate holders.
3. It is our mission to constantly endeavour for excellence in all spheres of business activity, maintain its eminent market position, promote enduring 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 have fully groomed employees committed 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.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

► **Corporate Information**

MODARABA COMPANY
Paramount Investments Limited

BOARD OF DIRECTORS

Mr. Tanweer Ahmed Magoon	Chairman
Mr. Ahmed Kasam Parekh	Director
Mr. Abdul Razzak Jangda	Director
Mr. Pir Mohammad A. Kaliya	Director
Mr. Abid Aziz (Nominee director of Pak Libya Holding Co. Limited)	Director
Mr. Muhammad Hussain Mehanti	Director
Mr. Masood Ahmed Shaikh	Director
Mr. Nadeem Iqbal	Director

Mr. Abdul Ghaffar Umer Chief Executive Officer

AUDIT COMMITTEE

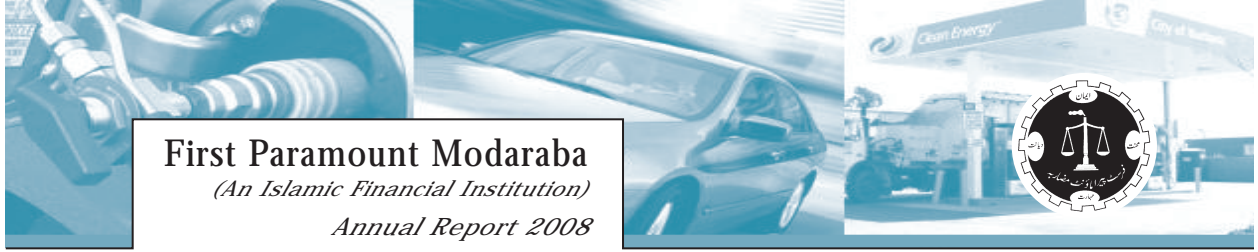
Mr. Tanweer Ahmed Magoon	Chairman
Mr. Ahmed Kasam Parekh	Director
Mr. Pir Mohammad A. Kaliya	Director
Mr. Naseemuddin Zubairi	Secretary

MANAGEMENT COMMITTEE

Mr. Tanweer Magoon	Chairman
Mr. Abdul Ghaffar Umer	Chief Executive Officer
Mr. Ahmed Kasam Parekh	Director

CHIEF FINANCIAL OFFICER

Mr. Naseemuddin Zubairi Chief Financial Officer



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

AUDITORS OF THE MODARABA

M/s. Yousuf Adil Saleem & Co.
Chartered Accountants

AUDITORS OF THE MODARABA COMPANY

M/s. Rahim Jan & Co.
Chartered Accountants

LEGAL ADVISORS

M/s. Raja Qasit Nawaz, Advocates

BANKERS

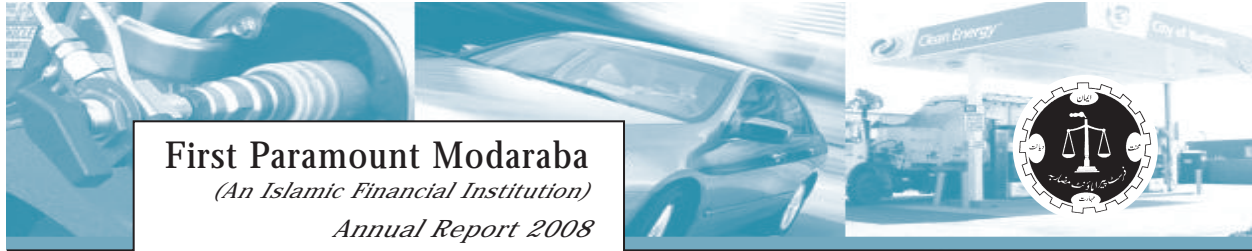
Al-Baraka Islamic Bank B.S.C. (E.C.) Pakistan
Bank Islami Pakistan Limited
Bank Al-Habib Limited
Habib Bank Limited

REGISTERED OFFICE

Room # 107, 108, 1st Floor, P.E.C.H.S. Community Office Complex,
Block-2 PECHS, Shakra-e-Quaideen, Karachi.
Ph: 4381037 - 38 - 52 Fax: 4534410
E-mail: fpm@cyber.net.pk
Web: www.fpm.com.pk

REGISTRAR

THK ASSOCIATES (PVT) LTD.
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi - 75530.
Tel: 111-000-322
Fax: 5655595



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

► Directors' Report to the Certificate Holders

The directors of Paramount Investments Limited (Managers of First Paramount Modaraba) are pleased to present 13th Annual Report and audited financial statements for the year ended 30th June 2008.

We feel pleasure to inform you that by the grace of Al Mighty Allah , the net profit for the year increased by Rs.3,965,442/- or by around 47% over the profit of previous financial year due to better performance of our both the revenue generating units i.e. Morabaha financing and CNG Musharika Project and consequently earning per Modaraba Certificate increased to Rs.2.11 for the year from Rs.1.43 for the last year.

Income from financial activities:	2008 Rs.	2007 Rs.	% increase over previous year
Total gross income from financial activities:	17,360,662	9,604,272	80.76%
Less: Profit on borrowing from Morabaha investors:	<u>7,839,762</u>	<u>2,246,952</u>	248.91%
Net income of financial activities:	9,520,900	7,357,320	29.41%

Net Income from financial activities increased by Rs.2,163,580 or by around 29% over previous fiscal period after providing Rs.7,839,762 for profit on funds borrowed as Morabaha financing from Islamic Banks.

Profit from CNG Musharika Arrangement:

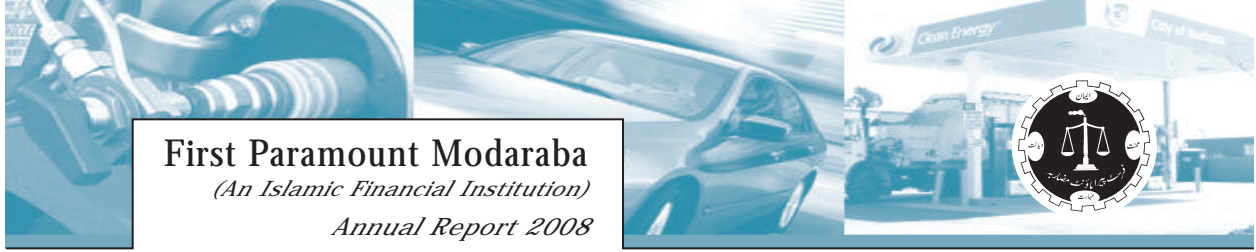
The share of profit from CNG project under Musharika Arrangement for the period under review is higher by Rs.3,161,523/- or by around 45% over the fiscal year 2006/2007 due to overall improvement in the performance of CNG project.

4th CNG Station at Hyderabad-Mirpurkhas Road:

The Board of Directors has decided to abandon the efforts for the permission of 4th CNG station due to technical problems of the area and mushroom growth of CNG stations in the surrounding areas and therefore the expenses incurred for this purpose have been written-off in full as operating expenses of CNG project.

Sale of CNG Assets of Banaras Chowk CNG Station (at Caltex Retail Outlet):

Subsequent to the close of financial year, all the assets of Banaras Chowk CNG station were sold by the Management w.e.f. 1st August 2008 on which Modaraba's share of profit is Rs.4,775,590, detail of which is reported in the quarterly report of Modaraba for the period ended 30th September 2008.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

Future Outlook:

- 1) Morabaha financing activity is expected to yield more profit in the financial year 2008/2009 due to increase in volume of financing inspite of higher rate of borrowing of funds.
- 2) The Management has also taken steps to start Generator Rental Project in the financial year 2008/2009 under Musharika Arrangement, terms and conditions of which are in process of finalization.
- 3) We, therefore, expect that due to above reasons the increase in income would not only compensate reduction of profit due to sale of CNG assets of Banaras Chowk CNG stations, but would also improve the profitability of Modaraba marginally.

Declaration of Dividend:

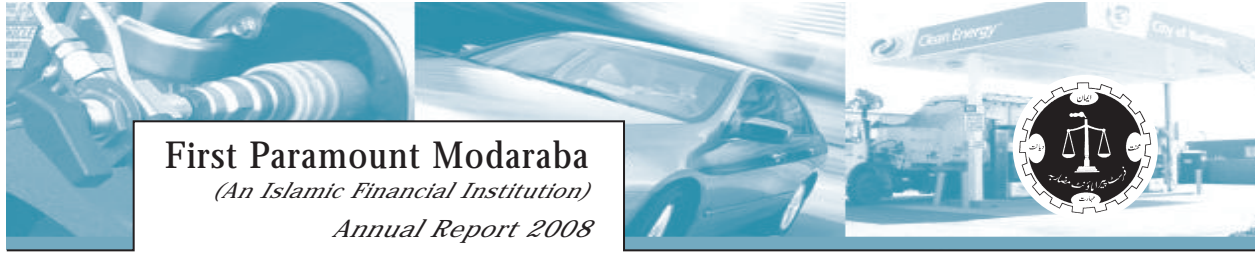
The Modaraba managed to earn by the mercy of Allah the highest ever after tax profit of Rs.12,359,398. Your directors have decided to transfer 30% of the profit for the year to statutory reserve (2007:20%) to strengthen equity-base of Modaraba and approved cash dividend of Rs.1.40 or 14% (2007: 11% or Rs.1.10) to the certificate holders of the Modaraba leaving a balance of Rs.886,541/- as undistributed profit to be carried forward.

The Board feels pleasure to avail the opportunity to thank all our certificate-holders in their consecutive moral support. The Board dares to thank also the big figures like, Registrar Modaraba, Securities And Exchange Commission of Pakistan and State Bank of Pakistan. It also wishes to appreciate the staff of Modaraba which even does not care the tiresome receives due to heavy work load on its shoulders.

For and on behalf of Board

Karachi
Dated: 30th October, 2008

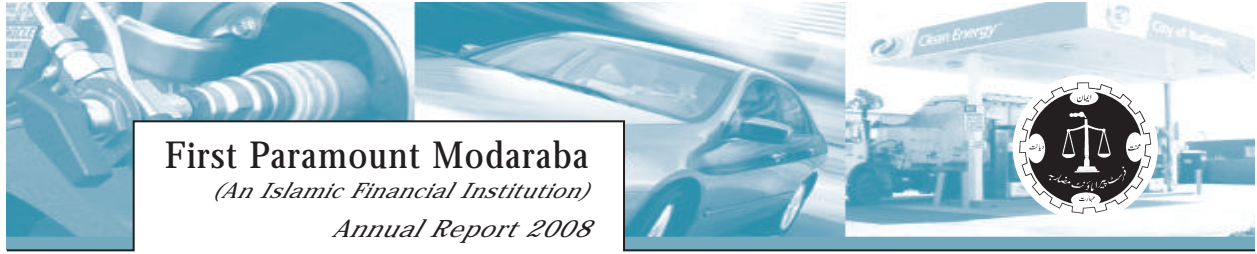
Abdul Ghaffar Umer
Chief Executive



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

► **Key Operating & Financial Data**

Particulars	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Paid up Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	58,633,330	58,633,330	58,633,330	58,633,330
Certificate Holders Equity	54,671,761	55,146,685	56,174,378	56,192,242	58,066,776	59,633,882	79,930,727	83,746,663	103,047,210	108,956,943
Current Liabilities	6,627,647	7,181,487	11,090,453	20,627,363	37,260,999	35,154,932	21,567,497	19,530,297	45,489,658	78,898,671
Total Liabilities	6,627,647	8,731,487	20,593,027	33,227,740	37,288,639	47,743,485	28,463,506	22,232,915	62,144,383	96,826,807
Fixed Assets	313,779	369,698	15,938,543	17,789,854	18,004,672	19,795,301	19,790,319	29,347,504	53,122,040	53,830,034
Current Assets	56,390,402	40,934,359	45,517,103	44,334,022	60,309,010	62,555,536	61,782,950	66,785,314	79,873,148	107,104,856
Total Assets	61,299,408	63,878,172	76,767,405	89,419,982	95,355,415	107,377,367	108,394,234	105,979,579	165,191,592	205,783,595
Operating Profit	4,891,431	5,894,416	6,757,437	6,395,004	9,175,038	8,569,255	10,645,672	13,068,262	9,342,801	13,732,666
Profit before Tax	4,490,392	5,474,924	6,027,693	5,841,904	8,374,534	7,817,106	9,728,356	11,761,435	8,408,521	12,359,398
Taxation	-	-	-	824,040	-	-	-	30,000	14,566	-
Profit after Tax	4,490,392	5,474,924	6,027,693	5,017,864	8,374,534	7,817,106	9,728,356	11,731,435	8,393,956	12,359,398
Dividend	10%	10%	10%	10%	13%	12.5%	13.5%	15.0%	11.0%	14.0%
Earning per Certificate	0.90	1.09	1.21	1.00	1.67	1.56	1.66	2.00	1.43	2.11
Break-up Value	10.93	11.03	11.23	11.24	11.61	11.93	13.63	14.28	17.57	18.58



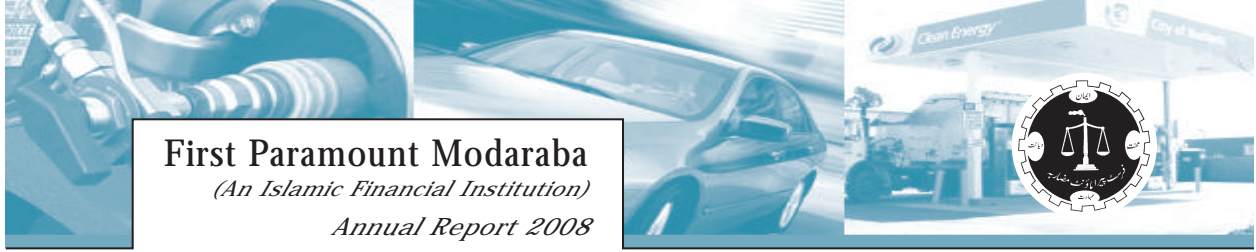
First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Paramount Investments Limited (the Management Company), Manager of First Paramount Modaraba (the Modaraba) has applied the principles contained in the Code in the following manner:

1. The Modaraba encourages representation of independent non-executive directors and directors representing minority on its Board of Directors. At present the Board includes at least 08 independent non-executive directors and no directors representing minority certificate-holders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Modaraba.
3. All the resident directors of the Modaraba are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year ended 30th June 2008.
5. The Modaraba has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Modaraba.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings, except for in case of three meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with the copies of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Companies Ordinance, 1984 Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Article of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to Modaraba, its policies and procedure and are aware of their duties and responsibilities.

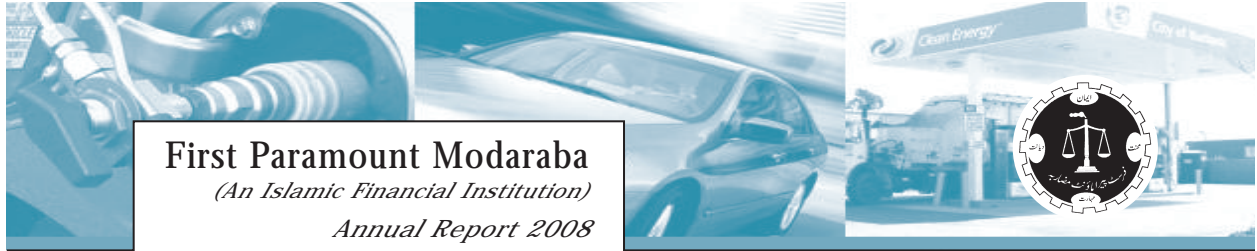


First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

10. The Board has approved appointment of CFO and Chartered Accountants' firm as Internal Auditor, including their remuneration and terms and conditions of employment, as determined by the CEO. Company Secretary's replacement is in process; currently CEO and CFO are performing the duties of Company Secretary.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of Modaraba were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises 3 members; all three of them are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an internal audit function through appointment of a Chartered Accountants firm to carry out the entire audit function independently that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of Modaraba.
18. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the code have been complied.

Karachi
Dated: 30th October, 2008

Abdul Ghaffar Umer
Chief Executive



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Paramount Investment Limited (the Modaraba Company) representing First Paramount Modaraba (the Modaraba) to comply with the relevant Listing Regulations of the Karachi and Islamabad Stock Exchange, where the Modaraba is listed.

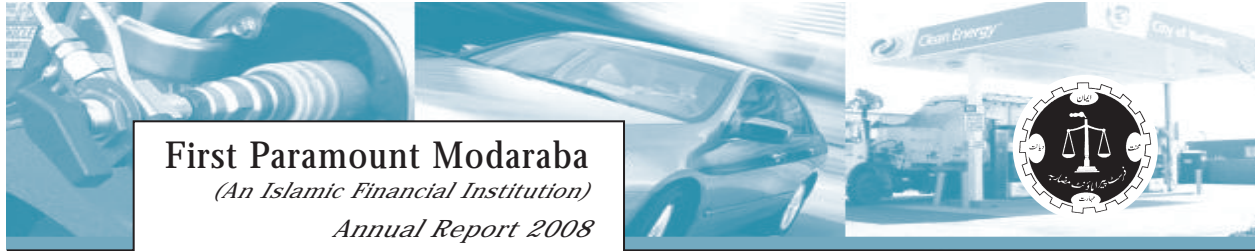
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to enquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Modaraba for the year ended June 30, 2008.

Karachi
Dated: 30th October, 2008

M. Yousuf Adil Saleem & Co.
Chartered Accountants



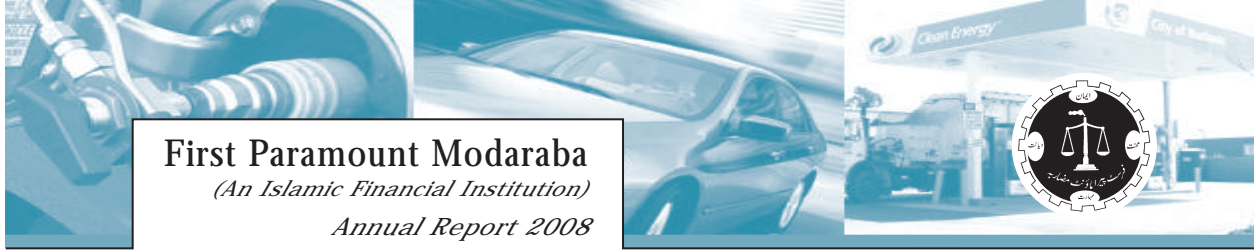
AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of First Paramount Modaraba as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba company's [Paramount Investments Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

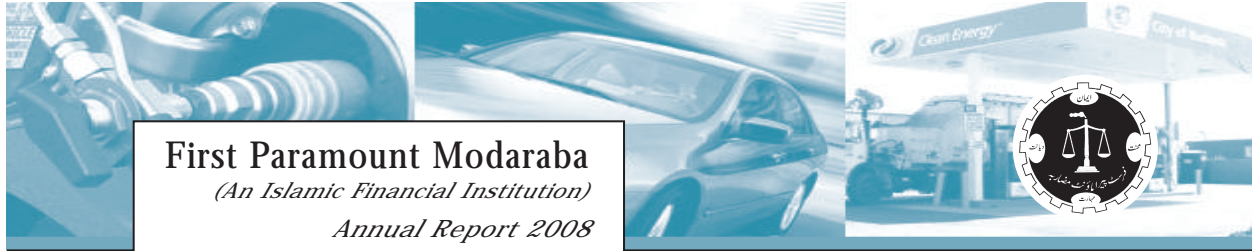
- a. in our opinion, proper books of accounts have been kept by the Modaraba company in respect of First Paramount Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b. in our opinion:
 - i. the balance sheet and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and



- iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d. in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi
Dated: 30th October, 2008

M. Yousuf Adil Saleem & Co.
Chartered Accountants



► Balance Sheet as at June 30, 2008

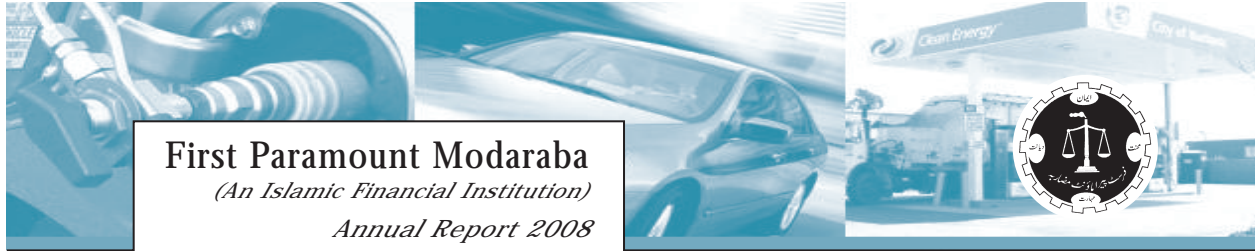
	Note	2008 Rupees	2007 Rupees
ASSETS			
Current Assets			
Cash and bank balances	3	12,626,394	10,503,949
Current portion of long term murabaha finance	4	37,777,519	27,799,295
Short term murabaha finance	5	48,898,432	25,944,735
Musharaka finance	6	3,150,000	6,100,000
Stock in trade	7	968,513	795,003
Trade debtors	8	1,389,467	3,502,091
Accrued profit		1,212,817	873,444
Advances, prepayments and other receivables	9	1,081,713	4,354,631
		107,104,855	79,873,148
Non Current Assets			
Murabaha finance	4	41,271,905	29,070,747
Long term deposits		3,576,957	3,125,657
Property, Plant and Equipment	10	53,830,034	53,122,040
		98,678,896	85,318,444
Total Assets		205,783,751	165,191,592
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	11	9,778,173	6,219,204
Current portion of long term murabaha finance	12	42,500,412	23,779,659
Short term murabaha finance	13	14,687,787	8,581,268
Profit payable on murabaha finance		5,354,356	1,687,820
Payable to modaraba management company		2,263,268	1,304,280
Sales tax payable		-	415,363
Provision for taxation		30,000	44,566
Unclaimed dividend		4,284,676	3,457,497
		78,898,671	45,489,657
Non Current Liabilities			
Long term murabaha finance	12	17,037,641	15,771,735
Security deposits		283,569	378,021
Deferred liabilities - staff gratuity	14	606,927	504,969
		17,928,137	16,654,725
Total Liabilities		96,826,808	62,144,382
NET ASSETS		108,956,943	103,047,210
REPRESENTED BY:			
Certificate capital	15	58,633,330	58,633,330
Capital reserves	16	41,228,406	37,520,586
Unappropriated profit		9,095,208	6,893,294
		108,956,943	103,047,210
Contingency and commitments	17		

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

Director



► Profit and Loss Account for the year ended June 30, 2008

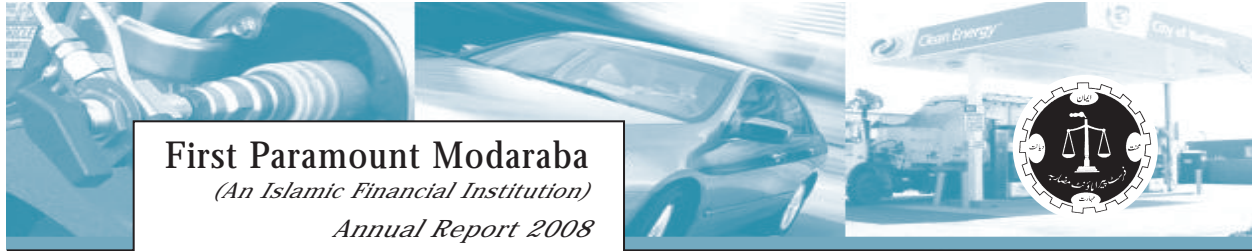
	Note	2008 Rupees	2007 Rupees
REVENUE			
Profit on murabaha finance		16,804,035	9,497,606
Profit on musharaka finance		556,627	106,666
Profit on CNG project musharaka finance	18	10,246,028	7,084,505
Profit on bank deposits		119,126	330,452
Musharaka management fee	18	487,519	337,090
Gain on trading		-	58,262
Other income		125,698	46,199
		<u>28,339,033</u>	<u>17,460,780</u>
EXPENSES			
Operating expenses	19	6,936,059	5,184,011
Profit to murabaha investors		7,839,762	2,246,952
Provision for doubtful recoveries		-	187,015
Other Provisions / (reversal)		(169,453)	500,000
		<u>14,606,368</u>	<u>8,117,978</u>
Operating profit		<u>13,732,665</u>	<u>9,342,801</u>
Modaraba company's management fee		(1,373,267)	(934,280)
Profit before taxation		<u>12,359,398</u>	<u>8,408,521</u>
Taxation	20	-	(14,566)
Profit for the year		<u>12,359,398</u>	<u>8,393,956</u>
Earnings per certificate (basic and diluted)	21	<u>2.11</u>	<u>1.43</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

Director



▶ Cash Flow Statement for the year ended June 30, 2008

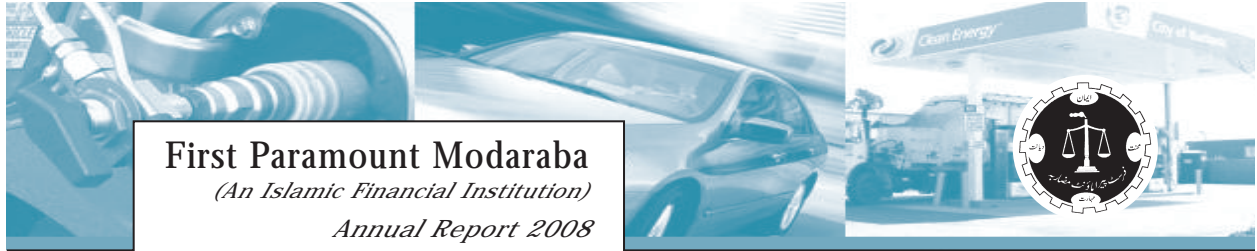
	2008 Rupees	2007 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,359,398	8,408,521
Adjustments for:		
Profit on murabaha finance	7,839,762	2,246,952
Depreciation	3,140,164	3,149,379
Provision for gratuity	256,958	197,783
Loss on disposal of property, plant and equipment	12,031	1,412
Provision for doubtful recoveries	-	(187,015)
Other provisions	-	(500,000)
Amount written off	504,531	-
	24,112,844	13,317,032
Decrease in current assets		
Stock in trade	(173,510)	295,047
Trade debtors	2,112,624	(677,718)
Accrued profit	(339,373)	(54,662)
Advances, prepayments and other receivables	2,768,387	858,319
	4,368,128	420,986
Increase in current liabilities		
Creditors, accrued and other liabilities	3,861,767	832,148
Payable to modaraba management company	958,987	184,663
	4,820,754	1,016,811
Cash generated from operations	33,301,726	14,754,829
Staff gratuity paid	(155,000)	(109,165)
Net cash flow from operating activities	33,146,726	14,645,664
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,864,189)	(7,225,735)
Proceeds from disposal of property, plant and equipment	4,000	2,000
Long term murabaha finance	(22,179,382)	(18,416,770)
Long-term deposits	(451,300)	(62,500)
Musharaka finance	2,950,000	(6,100,000)
Short-term Murabaha finance	(22,953,697)	(22,989,906)
Net cash flow used in investing activities	(46,494,568)	(54,792,911)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid on murabaha financing	(4,173,226)	(1,699,179)
Long term murabaha finance obtained	19,986,659	28,857,884
Short-term murabaha finance obtained	6,106,519	8,581,268
Dividend paid	(6,449,666)	(7,990,453)
Net cash used in financing activities	15,470,286	27,749,520
Net increase / (decrease) in cash and cash equivalents (A+ B+ C)	2,122,445	(12,397,727)
Cash and cash equivalents at the beginning of the year	10,503,949	22,901,676
Cash and cash equivalents at the end of the year	12,626,394	10,503,949

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

Director



► **Statement of Changes in Equity for the year ended June 30, 2008**

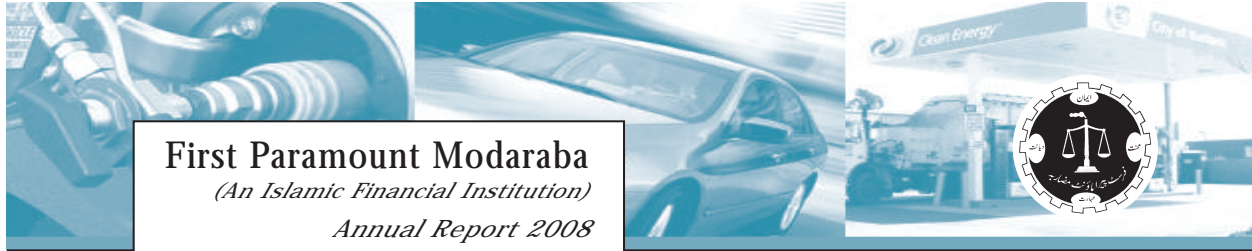
	Certificate Capital	RESERVES			Unappropriated profit	Total
		CAPITAL		REVENUE		
	Merger reserve	Statutory Reserve	Revaluation reserve			
< (Rupees) >						
Balance as at June 30, 2006	58,633,330	1,935,160	14,205,044	-	8,973,129	83,746,663
Profit distribution @ Rs. 1.5 per certificate declared for the year ended June 30, 2006	-	-	-	-	(8,795,000)	(8,795,000)
Profit for the year	-	-	-	-	8,393,956	8,393,956
Transferred to statutory reserve	-	-	1,678,791	-	(1,678,791)	-
Surplus on revaluation	-	-	-	19,701,591	-	19,701,591
Balance as at June 30, 2007	58,633,330	1,935,160	15,883,835	19,701,591	6,893,294	103,047,210
Profit distribution @ Rs. 1.1 per certificate declared for the year ended June 30, 2007	-	-	-	-	(6,449,666)	(6,449,666)
Profit for the year	-	-	-	-	12,359,398	12,359,398
Transferred to statutory reserve	-	-	3,707,820	-	(3,707,820)	-
Balance as at June 30, 2008	58,633,330	1,935,160	19,591,655	19,701,591	9,095,208	108,956,943

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

Director



► Notes to the Financial Statements for the year ended June 30, 2008

1. GENERAL INFORMATION

- 1.1 The Modaraba is a multi purpose, perpetual and multidimensional Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by Paramount Investments Limited, a company incorporated in Pakistan. The Modaraba is listed on the Karachi and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities includes operations of CNG stations and deployment of funds on murabaha and musharaka arrangements.
- 1.2 The Modaraba obtained CNG operators license in January, 1999 from Director General Gas, Government of Pakistan and is operating three CNG stations.
- 1.3 The financial statements are presented in Pak rupees, which is the modaraba's functional and presentation currency.

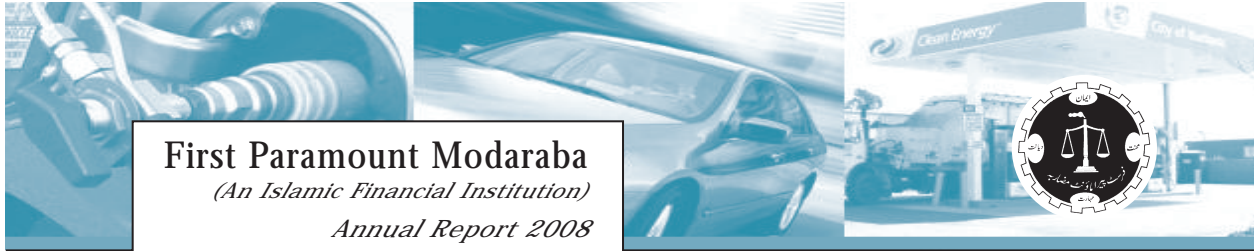
2. SIGNIFICANT ACCOUNTING POLICIES

The Significant accounting policies adopted in the preparation of these financial statements are set out below:-

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

The SECP has deferred the application of IAS 17 "Leases" and specific requirements of IAS 39 "Financial Instruments, Recognition and Measurement" for recognition of unrealized gain on "held for trading" investments for Modarabas.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

SECP has notified the Islamic Financial Accounting Standard 1 'Murabaha', issued by the Institute of Chartered Accountants of Pakistan, relating to accounting for Murabaha transactions undertaken by a bank and similar financial institution. Modaraba has accordingly changed its accounting policy for revenue recognition and associated assets in relation to disbursement of murabaha finance.

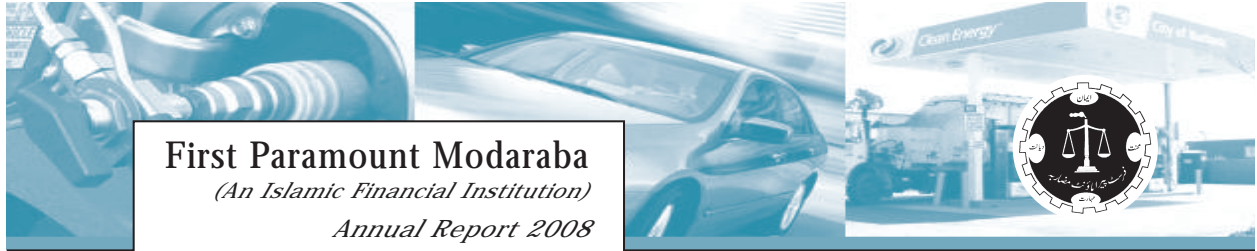
In addition SECP has also notified Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan. This standard is operative for financial statements covering the period beginning on or after 1st July, 2007 and is required to be followed on those ijarahs which commence after the above mentioned date. The Modaraba Association of Pakistan (MAP) has approached the SECP for the deferment of the said standard, therefore, till the resolution of the matter Modaraba is not adopting the said standard. There will be no significant impact if this standard is made applicable on the financial statements of the Modaraba because no Ijarah facility has been provided by the Modaraba.

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved Accounting Standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

Standards and Interpretations	Effective date (accounting periods beginning or after)
IFRS 7 Financial Instruments: Disclosures	April 28, 2008
IFRIC 11 Group and Treasury Share Transactions	March 01, 2007
IFRIC 12 Service Concession Arrangements	January 01, 2008
IFRIC 13 Customer Loyalty Programs	July 01, 2008
IFRIC 14 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The modaraba expects that the adoption of the above standards and interpretations will have no material impact on the modaraba's financial statements in the period of initial application.



In addition to the above, the following new standards have been issued by the IASB but have not yet been adopted by the Institute of Chartered Accountants of Pakistan or notified by the SECP and hence presently do not form part of the local financial reporting framework:

IFRS 4	Insurance Contracts
IFRS 8	Operating Segments

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except for lease hold land which have been included at revalued amount.

2.4 Change in Accounting Policy - Murabaha Finance

In view of introduction of IFAS -1 'Murabaha' profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred by accounting for "Deferred murabaha income" with a corresponding credit to "Unearned murabaha income" which is recorded as a liability. The same is then recognised on a time proportion basis. The change does not have any impact on the profit for the year.

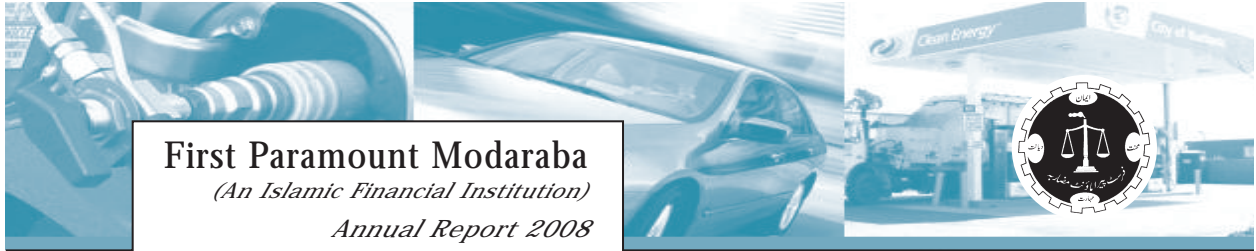
2.5 Stock in trade

Stock-in-trade are valued at the lower of cost and net realizable value. Cost is determined using weighted average basis except for those in transit which are stated at invoice price plus other charges paid thereon upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Trade debtors and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad or irrecoverable are written off when identified.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

2.7 Murabaha financing

Murabaha financing is stated net off specific provision against non performing finances. The provision against non performing assets is determined in accordance with the requirement of Prudential Regulations for Modarabas issued by SECP.

2.8 Musharaka arrangements

Under musharaka arrangements, share of jointly controlled assets and liabilities are classified and recorded according to the nature of the assets and liabilities alongwith the modaraba's assets and liabilities (Refer note 21). Share of income from musharaka arrangement is recorded under profit on CNG project musharaka.

2.9 Property, plant and equipment

Property, plant and equipment except land are stated at cost less accumulated depreciation and impairment loss if any. Land is stated at revalued amount.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

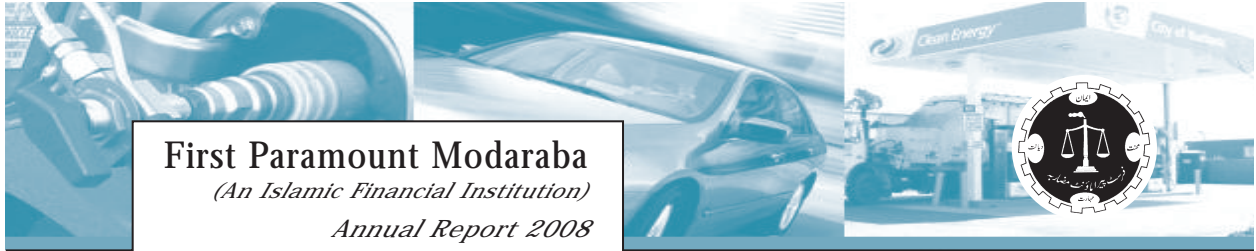
Depreciation is charged to profit and loss account applying the reducing balance method. In respect of additions and disposals during the year, depreciation is charged proportionately for the period of use.

Surplus arising on revaluation is credited to surplus on revaluation of fixed assets.

Maintenance and normal repairs are charged to income as and when incurred as income or expense. Gain or loss on disposal of assets, if any, are recognised as income or expense.

2.10 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are stated at cost and transferred to specific assets as and when these assets are available for use.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

2.11 Employee Benefit Costs

Defined benefit plans

The Modaraba operates an unfunded gratuity scheme for all eligible employees under the scheme. Provision for obligations under the scheme is made on the basis of last drawn gross salary for each completed year of service.

Compensated absences

The Modaraba provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

2.12 Provisions

Provisions are recognised when the Modaraba has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.13 Impairment

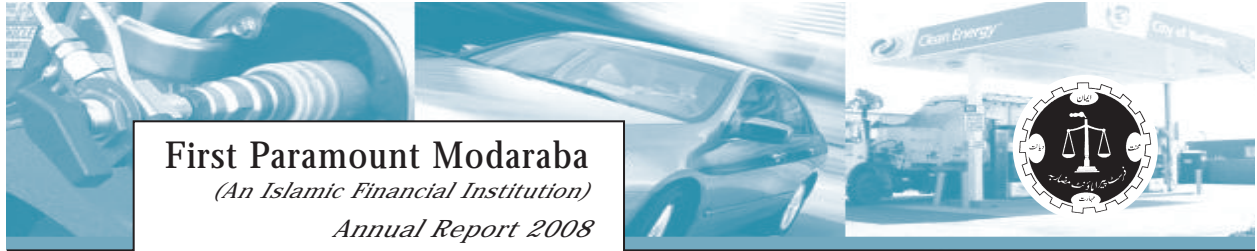
The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying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

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

2.14 Revenue recognition

Murabaha finance

Profit on murabaha finance is recognised on time proportion basis that takes into account the effective yield on the investment, except in case of murabaha finances classified as non-performing under prudential regulation on which profit is recognised on receipt basis.



Musharaka Finance

Share of profit from musharaka finance is recognised on accrual basis.

Income on balances with banks

Profit on saving accounts with banks recognised as income on accrual basis.

Musharaka Management fee

Musharaka management fee is recognised on accrual basis.

Profit on sale of goods

Profit on sale of goods is recognised on depatch of goods to customers which usually coincide with the physical delivery and acceptance.

2.15 Taxation

Current

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred

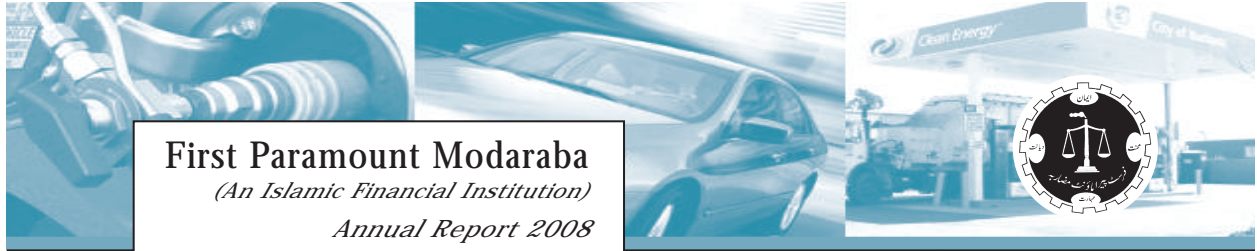
Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

2.16 Foreign currency transactions

Monetary assets and liabilities in foreign currency are translated into Pak Rupees at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on translation are taken to income currently.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

2.17 Financial instruments

Financial assets and financial liabilities are recognised when the Modaraba becomes a party to the contractual provisions of the instrument and de-recognised when the Modaraba loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.18 Cash and cash equivalents

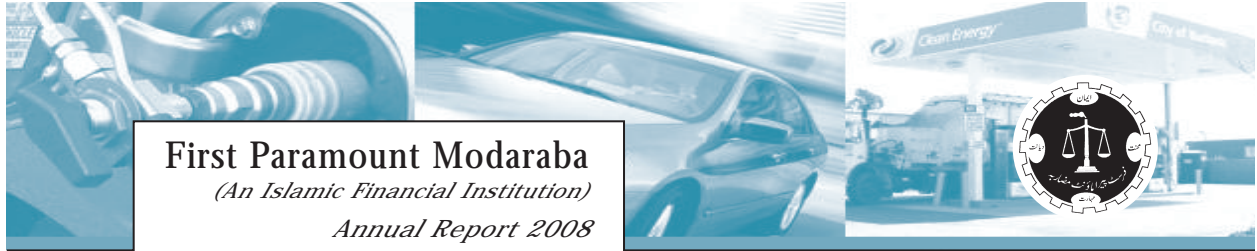
Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, with banks on current and deposit accounts.

2.19 Critical Accounting Estimates and Judgments

In the process of applying the Modaraba's accounting policies, the management has not identified any area where critical judgements have been exercised which have significant impact on the financial statements. Further, there are no key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date that have significant risks of causing a material adjustment within the next financial year.

	Note	2008 Rupees	2007 Rupees
3. CASH AND BANK BALANCES			
Cash in hand		854,209	1,096,931
Cash with banks			
Current accounts		2,951,511	2,086,155
Deposit account	3.1	8,820,674	7,320,863
		12,626,394	10,503,949
		12,626,394	10,503,949

3.1 Effective profit rate in respect of deposit accounts ranges from 3.78% to 6.72% (2007 : 3.65% to 3.71%) per annum.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

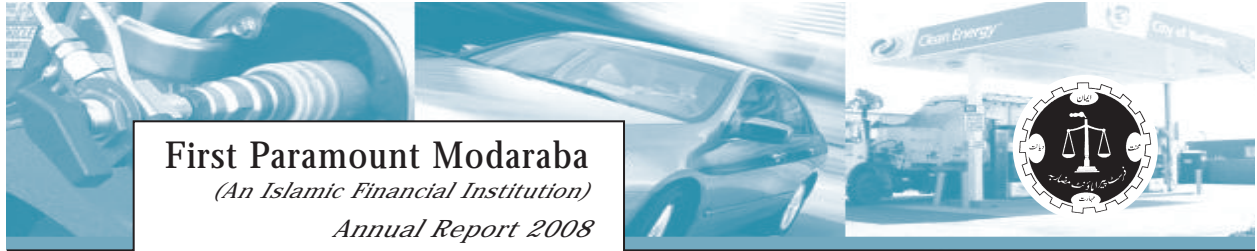
4. LONG TERM MURABAHA FINANCE

Considered good - secured	4.1	75,218,601	53,911,924
Considered doubtful - secured		<u>5,084,087</u>	<u>4,860,455</u>
		80,302,688	58,772,379
Provision for doubtful recoveries		<u>(1,253,264)</u>	<u>(1,902,337)</u>
		79,049,424	56,870,042
Receivable within one year shown under current assets		<u>(37,777,519)</u>	<u>(27,799,295)</u>
		<u><u>41,271,905</u></u>	<u><u>29,070,747</u></u>

4.1 The murabaha sale price is receivable in installments. The profit rate on these arrangements ranges between 16% to 24% per annum (2007 : 16% to 21% per annum) receivable on agreed terms. These arrangements are secured by way of mortgage of properties, hypothecation and pledge of goods and demand promissory notes.

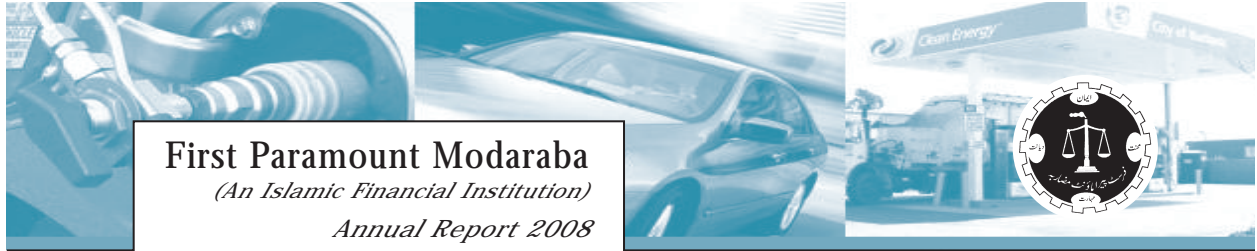
	Note	2008 Rupees	2007 Rupees
5. SHORT TERM MURABAHA FINANCE			
Considered good-secured	5.1	47,336,601	25,593,508
Considered doubtful-secured		<u>2,272,846</u>	<u>1,236,593</u>
		49,609,447	26,830,101
Provision for doubtful recoveries		<u>(711,015)</u>	<u>(885,366)</u>
		<u><u>48,898,432</u></u>	<u><u>25,944,735</u></u>

5.1 The murabaha sale price is receivable in installments. The profit rate on these arrangements ranges between 15% to 24% per annum (2007 : 15% to 21% per annum) receivable on agreed terms. These arrangements are secured by way of mortgage of property, hypothecation and pledge of goods and demand promissory notes.



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

	2008 Rupees	2007 Rupees
6. MUSHARAKA FINANCE		
Considered good-secured	6.1 <u>3,150,000</u>	<u>6,100,000</u>
6.1 The profit rate on this arrangement is 21% per annum (2007: 21% per annum) receivable on agreed terms. These arrangements are secured by way of mortgage of properties and demand promissory notes.		
7. STOCK IN TRADE		
Cylinders	324,212	335,621
CNG kits	644,301	459,382
	<u>968,513</u>	<u>795,003</u>
8. TRADE DEBTORS		
Considered good - Unsecured		
Conversion dues receivable	2,345,003	4,549,595
Provision for doubtful debts	(955,536)	(1,047,504)
	<u>1,389,467</u>	<u>3,502,091</u>
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Advance against expenses	26,252	1,413,698
Advance against salary	57,358	115,036
Advance income tax	193,852	1,201,472
Prepayments	602,734	1,013,824
Other receivable	201,517	610,601
	1,081,713	4,354,631
Considered doubtful		
Prepayments and other receivable	1,000,000	546,511
Provision for doubtful recoveries	(1,000,000)	(546,511)
	<u>1,081,713</u>	<u>4,354,631</u>



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

	2008 Rupees	2007 Rupees
10.1.1 Total Depreciation of Modaraba including share in musharaka	2,537,502	3,149,379
Less: On Modaraba's owned assets	<u>(412,499)</u>	<u>(445,245)</u>
Modaraba's share in musharaka depreciation	2,125,003	2,704,134
Add: Investor's group share of musharaka depreciation	<u>1,468,742</u>	<u>1,456,072</u>
Total musharaka depreciation	<u>3,593,745</u>	<u>4,160,206</u>
This does not include Depreciation of the Assets held for sale amounting Rs. 602,662/-		

10.1.2 Disposal of property, plant and equipment

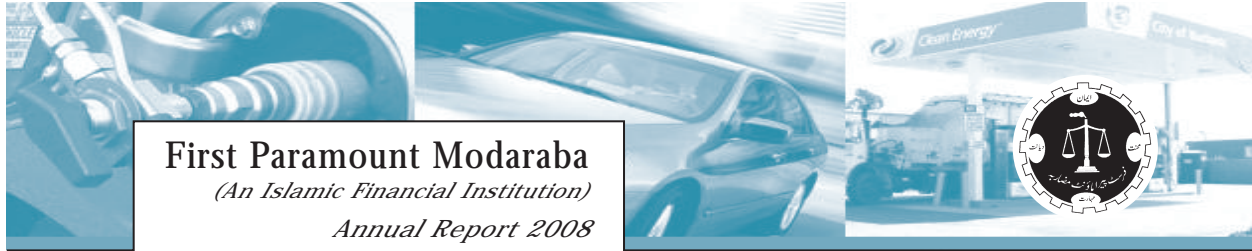
	Cost	Accumulated depreciation	Written down value	Sale proceed	Gain/(Loss)	Mode of Disposal	Particulars of buyer
 Rupees						
Office equipment	25,000	8,969	16,031	4,000	(12,031)	Negotiation	Summer Freez 152-A Sharah-e-Quaideen khudadad colony Karachi
2008	<u>25,000</u>	<u>8,969</u>	<u>16,031</u>	<u>4,000</u>	<u>(12,031)</u>		
2007	<u>21,200</u>	<u>17,788</u>	<u>3,412</u>	<u>2,000</u>	<u>(1,412)</u>		

10.1.3 Had there been no revaluation, the figure of land June 30, 2008 have been Rs. 3,224,884

10.1.4 Revaluation of land was carried out on June 30, 2007 by an independent valuer M/s Perfect Consultants. The valuation has been performed on the basis of assessed fair value and represents 65% share of the Modaraba. The lease of the plot in the name of the Joint venture partners in the musharaka business is in process.

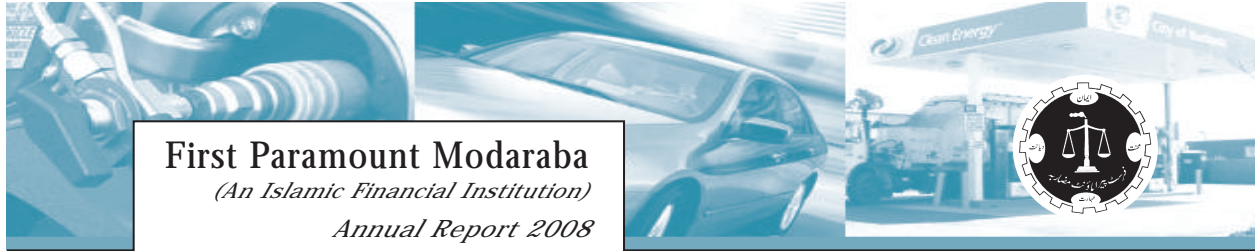
	2008 Rupees	2007 Rupees
10.2 Capital work in progress		
Civil work	1,371,470	1,138,090
Generators and machinery	2,591,402	-
	<u>3,962,872</u>	<u>1,138,090</u>

10.3 The fair value of this asset is not less than the carrying value.



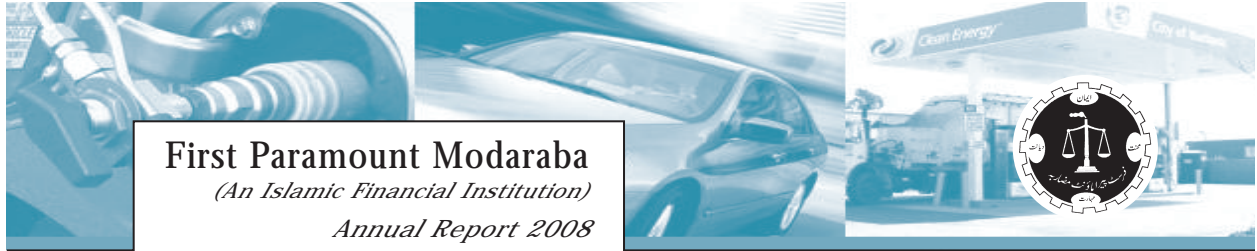
First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

	Note	2008 Rupees	2007 Rupees
11. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued expenses		4,148,940	5,867,032
Liabilities related to CNG project		2,629,233	352,172
Advance against musharaka finance		3,000,000	-
		<u>9,778,173</u>	<u>6,219,204</u>
12. LONG TERM MURABAHA FINANCE			
From commercial banks - secured	12.1	59,538,053	39,551,394
Payable with one year shown under current liabilities		(42,500,412)	(23,779,659)
		<u>17,037,641</u>	<u>15,771,735</u>
12.1 Total facilities for murabaha finance, including short term murabaha finance, available from banks amounts to Rs.95 million (2007: Rs. 50 million). These facilities are secured against first charge on the plant and machinery of the Modaraba and the hypothecation of stocks and receivables. Profit on these facilities ranges from 2.5% to 2.75% above 12 months to two year KIBOR with a floor of 11% to 14% (2007: 2.5% to 2.75% above 12 months to two year KIBOR with a floor of 13% to 14%) payable on agreed terms.			
13. SHORT TERM MURABAHA FINANCE			
From commercial banks - secured	13.1	<u>14,687,787</u>	<u>8,581,268</u>
13.1 These are the same facilities with similar terms and conditions as mentioned under note 12.1 with maturity of less than 12 months. Profit on these facilities are 2% above one week to one year KIBOR with a floor of 11% to 24% (2007: 2% above one week to one year KIBOR with a floor of 11% to 24%) payable on agreed terms.			



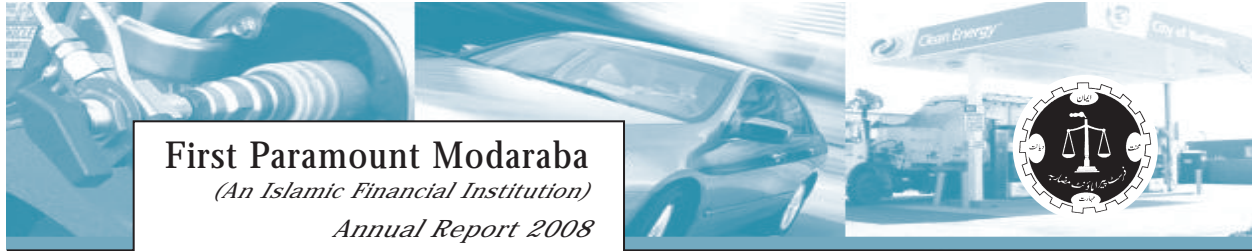
First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

		2008 Rupees
14.	DEFERRED LIABILITIES - GRATUITY	
	Movement in liability recognised in the balance sheet is as follows:	
	Liability as at July 01, 2007	504,969
	Charge to profit and loss account	256,958
		761,927
	Payments made during the year	<u>(155,000)</u>
	Liability as at June 30, 2008	<u>606,927</u>
	The amounts recognised in the balance sheet are as follows:	
	Present value of defined benefit obligation	606,788
	Unrecognised actuarial gains	<u>139</u>
	Liability as at June 30, 2008	<u>606,927</u>
	The amount recognised in the profit and loss account is as follows:	
	Current service cost	276,414
	Markup cost	44,138
	Transitional asset recognized	<u>(63,594)</u>
		<u>256,958</u>
	The principal assumptions used in the valuation of gratuity are as follows:	
	Discount rate	12%
	Expected rate of increase in salary	12%
15.	CERTIFICATE CAPITAL	
	<i>2008</i> <i>2007</i>	<i>2008</i> <i>2007</i>
	<i>Number of Certificates</i>	<i>Rupees</i> <i>Rupees</i>
	<i>Authorised</i>	
	<u>25,000,000</u>	<u>25,000,000</u> <u>250,000,000</u> <u>250,000,000</u>
	<i>Issued, subscribed and paid up</i>	
	5,000,000	5,000,000 Modaraba certificates of Rs.10/- each 50,000,000 50,000,000
		fully paid in cash
	863,333	863,333 Modaraba certificates of Rs.10/- issued 8,633,330 8,633,330
		for consideration other than cash
	<u>5,863,333</u>	<u>5,863,333</u> <u>58,633,330</u> <u>58,633,330</u>



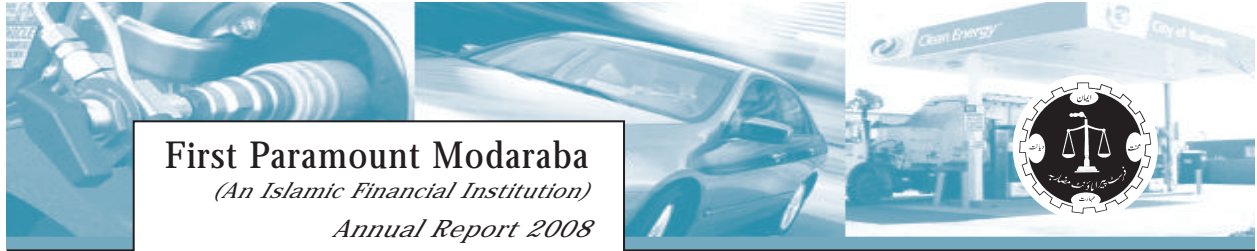
First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

	Note	2008 Rupees	2007 Rupees
16. CAPITAL RESERVES			
Statutory reserve	16.1	19,591,655	15,883,835
Merger reserve		1,935,160	1,935,160
Revaluation reserve	10.1.4	19,701,591	19,701,591
		41,228,406	37,520,586
16.1	It represents appropriation of net profit after tax as required under regulation 3 of the Prudential Regulations for Modaraba issued by the SECP. The Modaraba has appropriated 30% (2007 : 20%) of its profit for the year.		
17. CONTINGENCY AND COMMITMENTS			
17.1 Contingency			
	Performance guarantee of Rs.8,478,000/- (2007: Rs. 7,592,000/-) issued by a bank to Sui Southern Gas Company Limited on behalf of the Modaraba.		
17.2 Commitments			
	Commitments for operating lease rentals payable:		
		2,595,633	1,133,213
		11,890,000	1,908,491
		14,485,633	3,041,704
17.3	Modaraba has made arrangement for purchase of generator amounting to Rs.12.6 million for which agreement under Ijarah has been entered into with a bank.		



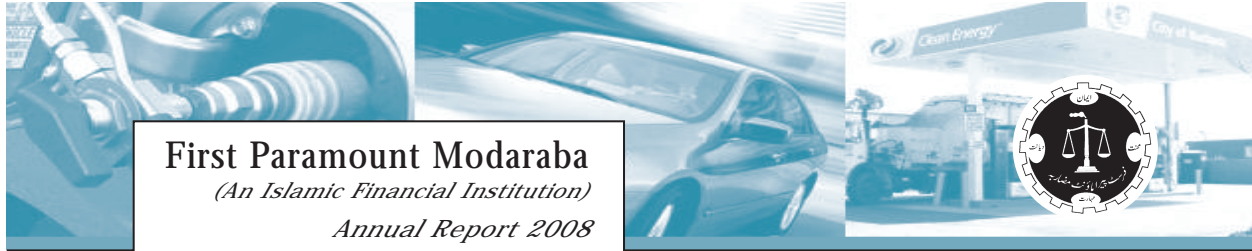
18. PROFIT ON CNG PROJECT MUSHARAKA

Particulars	Note	Gas	Conversion	Total	Total
		Filling	Center	2008	2007
< ----- Rupees ----- >					
Gas filling		124,232,794	-	124,232,794	109,002,923
Conversion income		-	3,479,148	3,479,148	3,683,791
Other income		467,191	39,351	506,542	453,457
		<u>124,699,985</u>	<u>3,518,499</u>	<u>128,218,484</u>	<u>113,140,171</u>
Less: Gas	18.1	57,090,091	-	57,090,091	50,454,409
Diesel		11,183,823	-	11,183,823	10,707,984
Electricity		6,368,300	-	6,368,300	8,218,309
Franchise fee		2,673,764	-	2,673,764	2,097,474
Kits and cylinders		-	2,845,360	2,845,360	3,322,819
Store and spares		-	247,188	247,188	286,744
		<u>77,315,978</u>	<u>3,092,548</u>	<u>80,408,526</u>	<u>75,087,738</u>
Gross profit		<u>47,384,007</u>	<u>425,951</u>	<u>47,809,958</u>	<u>38,052,432</u>
Less: Operating expenses					
Salaries, allowances and benefits		6,008,086	24,000	6,032,086	6,323,149
Electricity, gas and water		137,577	-	137,577	129,212
Repairs and maintenance		2,849,225	-	2,849,225	3,059,569
Rent, rates and taxes		4,994,218	-	4,994,218	4,427,342
Travelling and entertainment		142,358	-	142,358	193,080
Vehicles running and maintenance		52,769	-	52,769	52,702
Printing and stationery		293,945	-	293,945	277,497
Communication		138,172	-	138,172	156,609
Insurance		437,703	-	437,703	367,317
Legal and professional		14,220	-	14,220	223,471
Fee and subscription		828,594	-	828,594	311,938
Advertisement		32,500	-	32,500	153,998
Bank charges		43,582	-	43,582	98,206
Lease rentals		1,472,408	-	1,472,408	2,758,829
Depreciation (note 10.1.1)		4,196,407	-	4,196,407	4,160,206
CNG Hyderabad - CWIP written off		1,401,358	-	1,401,358	-
Provision for doubtful debts		2,180,323	-	2,180,323	769,231
Other expenses		735,119	-	735,119	675,117
5% Charity		1,006,232	-	1,006,232	695,748
15% Pak CNG Management fee		2,867,760	-	2,867,760	1,982,882
3% Modaraba's Management fee		487,519	-	487,519	337,090
				<u>30,344,074</u>	<u>27,153,193</u>
Net profit				<u>17,465,884</u>	<u>10,899,239</u>
Less: With Holding Tax				<u>(1,702,764)</u>	<u>-</u>
Net Profit After Tax				<u>15,763,120</u>	<u>10,899,239</u>
Appropriation:					
Share of the Modaraba @ 65%				10,246,028	7,084,505
Share of Investor Group @ 35%				5,517,092	3,814,734
				<u>15,763,120</u>	<u>10,899,239</u>



18.1 This represents tax of Rs. 1,702,764/- withheld by the gas supplier under section 234A of Income Tax Ordinance 2001 which is applicable from July 1st, 2007. The Modaraba has challenged the levy. A revision applicable demanding exemption has been declined by the Regional Commissioner. Modaraba stands to challenge the levy in Higher Courts.

	2008 Rupees	2007 Rupees
19. OPERATING EXPENSES		
Salaries, allowances and benefits	3,997,435	2,517,592
Electricity, gas and water	178,670	153,784
Repairs and maintenance	100,518	169,793
Insurance	59,230	54,365
Rent, rates and taxes	22,250	-
Transportation	194,998	143,230
Communications	269,093	184,042
Printing and stationery	166,068	183,719
Auditors' remuneration	19.1 217,000	184,500
Legal and professional	36,210	1,130
Fees and subscription	664,614	892,620
News papers and periodicals	5,406	5,137
Software development	-	7,500
Amount written off	200,000	-
Bank charges	131,393	90,678
Depreciation	10.1.1 412,499	445,245
Other expenses	280,675	150,675
	<u>6,936,059</u>	<u>5,184,011</u>
19.1 Auditors' remuneration		
Statutory audit fee	150,000	120,000
Half yearly review fee	35,000	35,000
Certifications	20,000	20,000
Out of pocket expenses	12,000	9,500
	<u>217,000</u>	<u>184,500</u>



20. TAXATION

The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the non-trading Modaraba is exempt from tax, provided not less than 90 % of their profits are distributed to the certificate holders out of the current year total profit after appropriation of statutory reserve.

The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

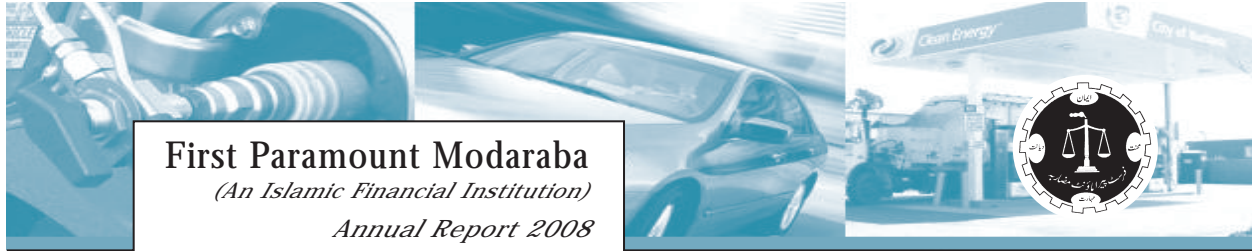
	2008 Rupees	2007 Rupees
21. EARNINGS PER CERTIFICATE		
Basic		
Profit for the year	<u>12,359,398</u>	<u>8,393,956</u>
Weighted average number of certificates	<u>5,863,333</u>	<u>5,863,333</u>
Earnings per certificate	<u>2.11</u>	<u>1.43</u>

Diluted

There is no dilutive effect on the basic earnings per certificate of the Modaraba.

22. MUSHARAKA ARRANGEMENTS

	<i>Total</i>		<i>Share of the Modaraba</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>< ----- Rupees ----- ></i>			
Property, plant and equipment	73,099,116	75,905,885	47,514,425	49,338,825
Capital work in progress	2,109,955	1,750,908	1,371,471	1,138,090
Long term deposits	4,804,088	4,804,088	3,122,657	3,122,657
Trade debtors	2,137,642	6,157,062	1,389,467	4,002,090
Stock in trade	1,490,020	1,223,082	968,513	795,003
Advances, prepayments and other receivables	1,105,297	809,803	718,443	526,372
Cash and bank balances	<u>13,454,875</u>	<u>12,290,438</u>	<u>8,745,669</u>	<u>7,988,785</u>
	98,200,992	102,941,265	63,830,645	66,911,822
Creditors, accrued and other liabilities	<u>(16,200,920)</u>	<u>(10,018,680)</u>	<u>(7,395,481)</u>	<u>(6,512,142)</u>
Net Assets	<u>82,000,072</u>	<u>92,922,585</u>	<u>56,435,164</u>	<u>60,399,680</u>



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

- 22.1 The Modaraba had entered into a revised Musharaka arrangement date July 1, 2006 with Musharaka Investor's Group and Pak CNG Management for the investment in CNG Project which will expire on June 30, 2016.

According to the agreement, the Modaraba will contribute 65% of the required fund and Investor's group will contribute 35%. Under the agreement Pak CNG Management is responsible for the management of CNG project (operation of all CNG stations and conversion of CNG Kits) for which a management fee of 15% of net profit of CNG project after deducting 5% charity is charged. The balance of net profit after deducting 3% management fees to be paid to modaraba is distributed on the basis of percentage of investment made at June 4, 1999.

23. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

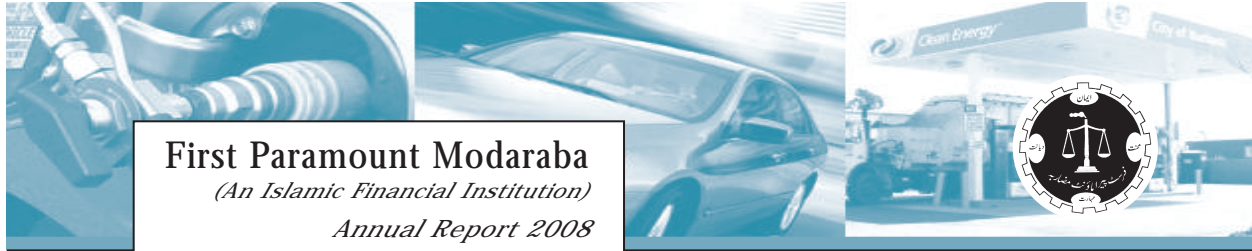
	Officers		Other Employees		Total	
	2008	2007	2008	2007	2008	2007
 Rupees					
Basic Salary	1,517,308	732,151	654,512	705,484	2,171,820	1,437,635
House rent allowance	682,788	329,468	294,530	317,468	977,318	646,936
Conveyance and others	76,093	36,586	218,987	35,253	295,080	71,839
Compensated absents	222,854	64,475	119,863	119,857	342,717	184,332
Retirement benefits	167,493	66,836	43,007	52,753	210,500	119,589
	<u>2,666,536</u>	<u>1,229,516</u>	<u>1,330,899</u>	<u>1,230,815</u>	<u>3,997,435</u>	<u>2,460,331</u>
Number of employees	<u>4</u>	<u>3</u>	<u>12</u>	<u>12</u>	<u>16</u>	<u>15</u>

In addition, the chief executive was provided with Modaraba maintained car.

24. TRANSACTIONS WITH RELATED PARTIES

Related party mainly include Modaraba Management Company. Transaction with related party during the year is as follows: -

<i>Relationship with Modaraba</i>	<i>Nature of Transaction</i>	<i>2008 Rupees</i>	<i>2007 Rupees</i>
Management company	Management fee	1,373,267	934,280
Management company	Funds Received	890,000	-



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

25. CAPITAL RISK MANAGEMENT

The modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders by spreading a variety of Islamic modes of investment and financing.

The capital structure of the modaraba consists of debts as disclosed in note 12 and 13, cash and cash equivalents as disclosed in note 3 and equity attributable to equity holders, reserves and retained earnings.

The gearing ratio of the modaraba at year end was as follows:

	2008 Rupees	2007 Rupees
Debts	74,225,840	48,132,662
Cash and cash equivalents	<u>(12,626,394)</u>	<u>(10,503,949)</u>
Net Debt	<u>61,599,446</u>	<u>37,628,713</u>
Equity	108,956,943	103,047,210
Net debt to equity ratio	0.56 : 1	0.37 : 1

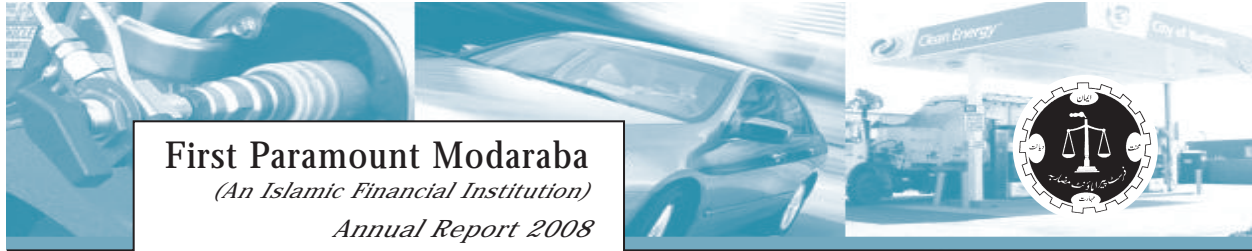
26. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continuously assessing the credit worthiness of counterparties.

Modaraba follows two sets of guidelines, internally it has its own operating policy duly approved by the Board of Directors of the Modaraba Management Company whereas, externally it adheres to the regulations issued by the Securities and Exchange Commission of Pakistan.

Details of the industry sector analysis of Murabaha portfolio is given below :-

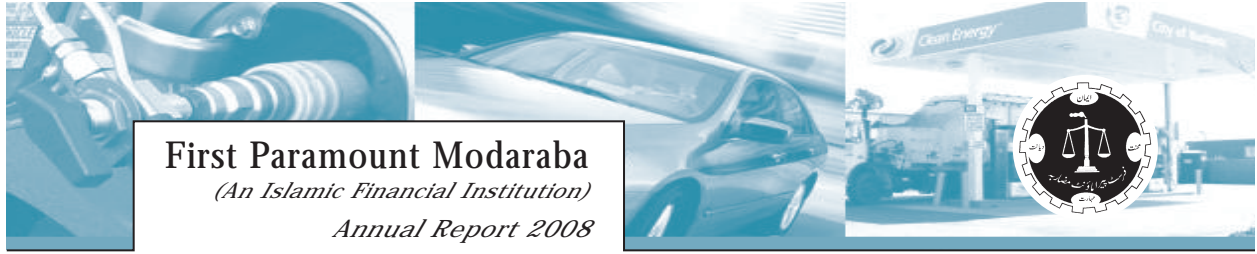
	----- 2008 -----	
	Rupees	%
Construction	13,824,870	10.64
Chemicals, fertilizer / pharma	1,237,416	0.95
Fuel and energy	5,413,111	4.17
Food, tobacco and beverages	47,221,682	36.35
Paper and board	10,132,073	7.80
Steel, engineering and automobiles	4,308,272	3.32
Textile and cotton	244,824	0.19
Transport and communication	17,638,328	13.58
Others	29,891,559	23.01
	<u>129,912,135</u>	<u>100.00</u>



27. YIELD / PROFIT RATE RISK MANAGEMENT

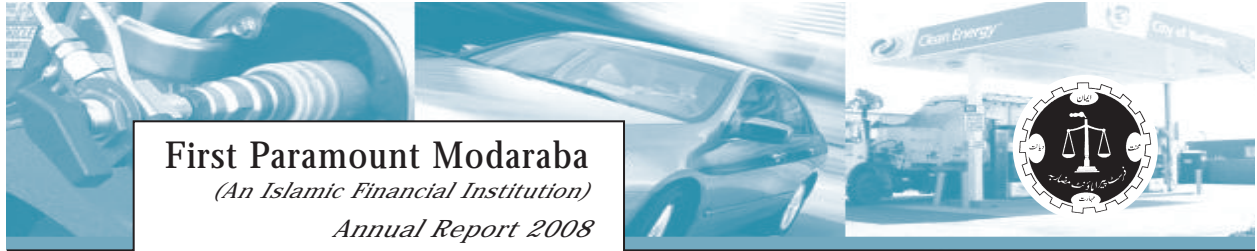
	Profit Bearing		Sub Total	Non profit bearing	2008 Total
	One month to one year	Over one year			
< ----- Rupees ----- >					
<i>Financial assets</i>					
Long term murabaha finance	37,777,519	41,271,905	79,049,424	-	79,049,424
Long term deposit	-	-	-	3,576,957	3,576,957
Short term murabaha finance	48,898,432	-	48,898,432	-	48,898,432
Trade debtors	-	-	-	1,389,467	1,389,467
Advances and other receivables	-	-	-	(112,139)	(112,139)
Cash and bank balances	8,820,674	-	8,820,674	3,805,720	12,626,394
	<u>95,496,625</u>	<u>41,271,905</u>	<u>136,768,530</u>	<u>8,660,005</u>	<u>145,428,535</u>
<i>Financial liabilities</i>					
Creditors, accrued and other liabilities	-	-	-	9,778,173	9,778,173
Short term murabaha finance	14,687,787	-	14,687,787	-	14,687,787
Profit payable on murabaha finance	5,354,356	-	5,354,356	-	5,354,356
Payable to modaraba management company	-	-	-	2,263,267	2,263,267
Unclaimed dividend	-	-	-	4,284,676	4,284,676
Long term murabaha finance	42,500,412	17,037,641	59,538,053	-	59,538,053
Security deposits	-	-	-	283,569	283,569
	<u>62,542,555</u>	<u>17,037,641</u>	<u>79,580,196</u>	<u>16,609,685</u>	<u>96,189,881</u>
On balance sheet gap 2008	<u>32,954,070</u>	<u>24,234,264</u>	<u>57,188,334</u>	<u>(7,949,680)</u>	<u>49,238,654</u>

	Profit Bearing		Sub Total	Non profit bearing	2007 Total
	One month to one year	Over one year			
< ----- Rupees ----- >					
<i>Financial Assets</i>					
Long term murabaha finance	27,799,295	29,070,747	56,870,042	-	56,870,042
Long term deposit	-	-	-	3,125,657	3,125,657
Short term murabaha finance	25,944,735	-	25,944,735	-	25,944,735
Trade debtors	-	-	-	3,502,091	3,502,091
Advances and other receivables	-	-	-	2,139,335	2,139,335
Cash and bank balances	7,320,863	-	7,320,863	3,183,086	10,503,949
	<u>61,064,893</u>	<u>29,070,747</u>	<u>90,135,640</u>	<u>11,950,169</u>	<u>102,085,809</u>



► Pattern of Certificate holding as of 30 June 2008

No. of Certificate holders	Having Certificate From	To	Certificate Held	Percentage %
155	1	100	6655	0.1135
333	101	500	135668	2.3138
287	501	1000	279564	4.7680
232	1001	5000	640940	10.9313
67	5001	10000	579113	9.8768
23	10001	15000	279000	4.7583
16	15001	20000	282482	4.8177
8	20001	25000	180500	3.0784
5	25001	30000	131500	2.2427
3	30001	35000	98700	1.6833
5	35001	40000	192498	3.2830
6	40001	45000	261000	4.4513
3	45001	50000	145000	2.4729
2	50001	55000	107000	1.8249
2	65001	70000	136500	2.3280
1	70001	75000	72706	1.2400
1	75001	80000	77000	1.3132
2	80001	85000	164000	2.7970
1	85001	90000	87000	1.4837
1	105001	110000	110000	1.8760
1	110001	115000	110500	1.8845
1	125001	130000	129542	2.2093
1	210001	215000	214500	3.6583
1	385001	390000	385465	6.5741
1	1055001	1060000	1056500	18.0187
1158			5863333	100.0000

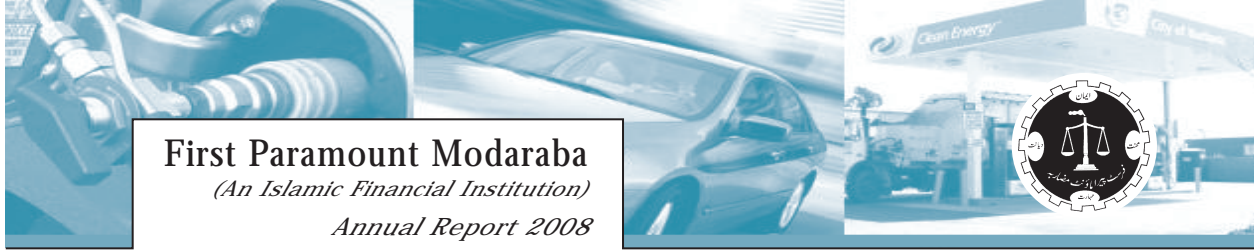


First Paramount Modaraba
(An Islamic Financial Institution)
 Annual Report 2008

► **Categories of Certificate holders as of 30 June 2008**

Particulars	Certificate holders	Certificate holding	Percentage
Directors, CEO & Children	4	94200	1.6065
Associated Companies	2	1186042	20.2281
NIT & ICP	1	38322	0.6535
Banks, DFI & NBFi	1	39476	0.6732
Modarabas & Mutual Funds	1	385465	6.5741
General Public (Local)	1136	3776789	64.4316
General Public (Foreign)	7	131000	2.2342
Others	6	212039	3.6163
Company Total	1158	5863333	100.0000

Folio Number	Name	Code	Balance Held	Percentage
0000001516	Mr. Muhammad Husain Mahenti	01	9000	0.1534
0000001706	Mr. Tanweer Ahmed	01	42500	0.7248
0000001826	Mr. Ahmed Parekh	01	30700	0.5235
0327712650	Abdul Ghaffar Umer Kapadia	01	12000	0.2046
0000000001	Paramount Investments Limited	02	1056500	18.0187
0000008004	Paramount Investments Limited	02	129542	2.2093
0215400027	National Bank Of Pakistan, Trustee Deptt.	03	38322	0.6535
1145200020	Nbp Turstee - Ni (U) T (Loc) Fund	04	39476	0.6732
0009900005	First National Modaraba	06	385465	6.5741
0000001344	Sublime Sports (Pvt) Ltd.	10	110000	1.876
0321000028	Y.S. Securities & Servies (Pvt) Ltd.	10	1000	0.017
0324400041	Zafar Securities (Pvt) Ltd.	10	174	0.0029
0331900026	Khalid Javed Securities (Pvt) Ltd.	10	82000	1.3985
0446500028	A. Sattar Motiwala Securities (Pvt) Ltd.	10	16982	0.2896
0691600020	Pasha Securiteis (Pvt) Ltd.	10	1883	0.0321



First Paramount Modaraba
(An Islamic Financial Institution)
Annual Report 2008

► **Notice to Review Meeting**

Notice is hereby given that the 9th Annual Review Meeting 2008 (ARM) of Certificate Holders of First Paramount Modaraba will be held on Friday, 21st November 2008 at 11.00 a.m. at Room # 201, PECHS Community Office Complex, Karachi, to review the performance of Modaraba for the year ended June 30, 2008 in terms of Clause-20 of Prudential Regulations for Modaraba issued vide Circular # 5/2000 of Registrar Modaraba Companies and Modarabas.

By Order of the Board

Karachi
Dated: 30th October 2008

Chief Executive

DIVIDEND

The Modaraba Certificates transfer books shall remain closed from 31st December 2008 to 9 January 2008 (both days inclusive). Transfer receive in order at the Registrar Office of the Modaraba (whose address is given below) before the close of business hours on 30th December 2008 will be treated in time for the entitlement of Dividend.

The Certificate Holders are advised to notify to the Registrar of First Paramount Modaraba of any change in their address to ensure prompt delivery of mails. Further, any certificates for transfer etc., should be lodged with the Registrars THK Associates (Pvt) Ltd., Ground Floor, State Life Building No: 3, Dr. Ziauddin Ahmed Road, Karachi, Tele: No: 111-000-322 Fax: 56555595.