FIRST PARAMOUNT MODARABA
AN ISLAMIC FINANCIAL INSTITUTION
AMANAT • SHIRAKAT • BARKAT

Our Ref: B-1-77/9337/16
Date: 30th December, 2016

Joint Director,
Securities & Exchange Commission Of Pakistan,
Specialized Companies Division,
Supervision & Enforcement Department,
5th Floor, State Life Building No.2
Wallace Road. off: I.I Chundrigar Road,
Karachi.

Subject: **RATING REPORT OF FIRST PARAMOUNT MODARABA**

Dear Sir

Please find herewith the certified true copy of Rating Report of First Paramount Modaraba - issued by JCR-VIS Credit Rating Company Limited, for your perusal and record.

Regards

Abdullah Khan
(Chief Financial Officer)

Encl: As Above

C.C:
1. Registrar Modaraba - SECP Islamabad.
2. Pakistan Stock Exchange Limited,

Head Office: Suite No. 107-108, P.E.C.H.S Community Office Complex, Block No. 2, P.E.C.H.S, Shahrah-e-Quaideen, Karachi.
Tel: (021) 34381037-8, 34381052, 34381101, Fax: 34534410
Web: www.fpm.com.pk

Branch Office: 89-T, 1st Floor Commercial Area D.H.A Cantt, Lahore. Tel: 042 36100477

JCR-VIS Credit Rating Company Limited

Founder Shareholder - Islamic International Rating Agency (IIRA), Bahrain
Joint Venture Partner - Credit Rating & Information Services Ltd. (CRISL), Bangladesh
Member - Association of Credit Rating Agencies in Asia (ACRAA)

Press Release

JCR-VIS maintains the ratings of First Paramount Modaraba

Karachi, December 30, 2016: JCR-VIS Credit Rating Company Limited (JCR-VIS) has maintained the entity ratings of First Paramount Modaraba (FPM) at 'BBB/A-3' (Triple B/A-Three). Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on December 31, 2015.

Ratings incorporate conservative risk profile of the Modaraba with gradual improvement in equity levels over the years as a result of internal profit generation and issuances of right shares. Leverage indicators continue to remain within manageable levels; although the same have depicted growth on a timeline basis. Moreover, liquidity position of the company remained within prudent limits.

Certificates of Musharakah (CoMs) remain the primary source of funding for the company; however, given the restrictions imposed by the regulator on raising additional COMs, the company may have to seek alternate sources of funding in order to achieve targeted growth in portfolio. Financing portfolio (net of deferred income) of the company primarily comprises Murabaha financing; portfolio mix is expected to remain the same in the coming years.

In contrast to the previous years, growth in profitability was observed during FY16. Higher profit was driven by its murabaha financings and in-house modaraba projects. Moreover, discontinuation of loss-making businesses also aided in improving net profit of the modaraba. Returns from in-house ventures are expected to increase sizeably in the future years. However, quality of the financing portfolio must be maintained in order to ensure sustainability and growth in earnings.

For further information on this rating announcement, please contact the undersigned (Ext: 207) or Mr. Javed Callea (Ext: 201) at 021-35311861-71 or fax to 021-35311872-3.

Jamal Abbas Zaidi
Advisor

Applicable Rating Criteria: Modaraba Rating Scale (October 2002)
http://www.jcrvis.com.pk/images/JCR-Mod.pdf

FIRST PARAMOUNT MODARABA
Certified True Copy
Company Secretary