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First UDL Modaraba

Managed by :
UDL Modaraba Management (Private) Limited

Annual Report
2009





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CORPORATE INFORMATION

MODARABA MANAGEMENT COMPANY	UDL Modaraba Management (Private) Limited
COMMENCED BUSINESS ON	May 1991
BOARD OF DIRECTORS	S.M.Nasir Raza Chief Executive Rashid Abdulla Director Asad Abdulla Director
COMPANY SECRETARY	S.M.Nasir Raza
CFO	Malik Hashmatullah
AUDIT COMMITTEE	Rashid Abdulla S.M.Nasir Raza Asad Abdulla
AUDITORS	Anjum Asim Shahid Rahman Chartered Accountants
BANKERS	Muslim Commercial Bank Limited RBS Bank National Bank of Pakistan Mybank Limited Habib Bank Limited Bank Al-Falah Limited
REGISTRAR	Gangjees Investment & Finance Consultants 513, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi.
LEGAL CONSULTANT	Mohsin Tyebaley & Co. 2nd Floor Dime Centre, BC-4, Block 9, Kehkashan, Clifton, Karachi 75600.
TAX CONSULTANT	Ford Rhodes Sidat Hyder & Co. Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi-75530
REGISTERED OFFICE	First Floor, NIC Building Abbasi Shahced Road Off. Shahrah-e-Faisal, Karachi
PHONE	(92-21) 5635501 04
FAX	(92-21) 5635505
E-mail	udlmodaraba@gmail.com

**DIRECTORS' REPORT**

The Board of Directors of UDL Modaraba Management Private Ltd., the Management Company of First UDL Modaraba, has pleasure in presenting to the certificate holders the Annual Report of the Modaraba together with Audited Accounts for the period from July 01, 2008 to June 30, 2009.

Financial Results

Financial results are summarized as under :

	Year ended 30.06.09	Year ended 30.06.08
	(Rupees in thousand)	
Net profit for the year	37,093	56,093
Add: Unappropriated profit brought forward	47,963	46,304
Profit available for appropriation	85,056	102,397
Appropriations:		
Statutory reserve	18,546	28,047
Profit distribution @ 10% (2008 @ 10%)	26,387	26,387
	44,933	54,434
Unappropriated profit carried forward	40,123	47,963
Earning per certificate	1.41	2.13

Review of Operations:

The Modaraba has earned net profit of Rs.1.41 per certificate during the current financial year as compared to profit of Rs.2.13 per certificate during the corresponding year ended June 30, 2008. The Modaraba during the year has booked the unrealized loss on re-measurement of investment at fair value through profit or loss amounting to Rs.15.420 million and Impairment loss on investments classified as available for sale amounting to Rs. 6.791 million. Hence, resulting in decrease of profit for the year ended June 30, 2009.

During the year, Modaraba has adopted Islamic Financial Accounting Standard-2 (IFAS-2) 'Ijarah' notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 431(1)/2007 Dated May 5th, 2007 to all Ijarah contracts entered on or after 1 July 2008 as advised by SECP vide Letter No. SC/MR/RW/SCM/2009 dated 9th March 2009. Adoption of IFAS-2, has resulted in timing difference of revenue recognition, consequently Modaraba's current year income has reduced by Rs. 0.905 million.

The Modaraba continuously built's statutory reserves out of the profit of each year, which accumulated to Rs.146.307 million as compared to Rs.127.761 Million at the end of preceding year.

Corporate Governance:

The Modaraba has implemented all aspects of Code of Corporate Governance introduced by SECP.

- The financial statements prepared by the Management of Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of accounts of Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



- International Accounting Standards, as applicable to Modaraba, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and Corporate Governance as detailed in the listing regulations.

Audit Committee:

An audit Committee of the Board has been established to be chaired by Mr. Rashid Abdulla. The following are the members of the Committee:

- 1) Mr. Rashid Abdulla
- 2) Syed Nasir Raza
- 3) Mr. Asad Abdulla
- 4) Mr. Malik Hashmatullah, Chief Financial Officer and Mr. Iqbal Ahmed, Internal Auditor also attended the meetings as per requirement of Code. Mr. Iqbal Ahmed is also the Secretary of the Committee.

Attendance of Board Meetings:

During the year under review, Four meetings of the Board of Directors were held which were attended by the directors as under:-

	Name of Director	Number of Meetings	No. of Meetings Attended	Leave of Absence
1)	Syed Nasir Raza	4	4	-
2)	Mr. Rashid Abdulla	4	4	-
3)	Mr. Asad Abdulla	4	4	-

Operating Data for six years:

The operating data of the Modaraba for 6 years is annexed to this report at page 7.

Pattern of Certificate holding:

The pattern of certificate holding as at June 30, 2009 is given below:-

Sr.#	Categories of Certificate holders	Certificate Holder	Certificate holding	Percentage %
1	Individuals	3,273	10,531,080	39.911
2	Joint Stock Companies	51	5,949,843	22.549
3	Financial Institutions	9	3,489,678	13.225
4	Modaraba Companies	10	1,393,751	5.282
5	Insurance Companies	3	446,386	1.692
6	Investment Companies	2	7,390	0.028
7	Non-Resident	2	11,169	0.042
8	Others	4	4,557,292	17.271
	Total	3,354	26,386,589	100.000



The trading in certificates carried out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children is reported as under.

<u>Name</u>	<u>Purchase</u>	<u>Sales</u>
Mr.Rashid Abdulla	168,037	-
Mrs.Shakila Rashid w/o Mr.Rashid Abdulla	264,221	-

The detailed pattern of certificate holding as on 30/6/2009 is annexed to this report.

a) Statement of Compliance with best practices

The Board feels pleasure in stating that provisions of the Code relevant for the year ended June 30, 2009, have been duly complied with.

b) Status of Compliance with the Code

<u>S. No.</u>	<u>Particulars</u>	<u>Clause</u>
a)	Board of Directors clause.	(i) (b) & (c)
b)	Qualification and eligibility to act as a Director.	(iii), (iv) & (v)
c)	Tenure of office of Directors.	(vi)
d)	Responsibilities, Powers and Functions of Board of Directors.	(vii) (a) (b) (c) (d) (e) (f)
e)	Meeting of the Board of Directors and consideration of significant issues.	(x),(xi),(xii)&(xiii)
f)	Chief Financial Officer/ Company Secretary.	(xv),(xvi),(xvii)&(xviii)
g)	The Directors Report to the Certificate Holders.	(xix)
h)	Frequency of financial reporting.	(xx),(xxi),(xxii)&(xxiii)
i)	Responsibility for financial reporting and Corporate Compliance.	(xxiv),(xxv)
j)	Auditors not to hold shares.	(xxvii)
k)	Audit Committee	(xxx),(xxxi),(xxxii), (xxxiii) & (xxxiv)
l)	Internal Audit	(xxxv), (xxxvi)
m)	Compliance with the Code of Corporate Governance.	(xlv) & (xlv)

Staff Benefit Scheme:

The Modaraba has gratuity & provident fund scheme for staff, the value of gratuity as per actuarial valuation as at June 30, 2009 based on its audited accounts is Rs.0.933 M.

Profit distribution:

The Board of Directors has approved the distribution of Profit of Re. 1/= per certificate of Rs.10 each i.e. 26,386,589/= for the year ended June 30, 2009.

The Economy and Future prospects:

The economic activity in the country as a whole is still not posturing encouraging signs and the current financial year was proved to be a difficult time for our economy. The spill-over effect of global financial crisis was felt on market and investor confidence in many developing countries, including Pakistan, as banking systems and assets markets came under period of stress. Being not an exception, Modaraba sector also suffers considerably from this global economic melt down.

Therefore the management of your Modaraba has taken extra cautious measures for deciding and selecting avenues for investments, in order to keep the Modaraba on the path of profitability.



Auditors

The present auditors M/s. Anjum Asim Shahid Rahman, Chartered Accountants are due for retirement and being eligible and offered themselves for re-appointment for the year 2009-2010.

Acknowledgement:

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, for their continuous guidance and support.

The Board would also like to thank valued customers and investors for reposing trust and confidence in the Modaraba, and to members of Management and staff for their commitment and dedication.

For and on Behalf of the Board

Syed Nasir Raza
Chief Executive

08-10-2009

**SIX YEARS' FINANCIAL SUMMARY
BALANCE SHEET SUMMARY**

(Rs. in million)

Year Ended June 30,	2004	2005	2006	2007	2008	2009
EQUITY						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	263.87	263.87
Statutory Reserve	52.40	62.00	75.71	97.61	127.76	146.31
Revenue Reserve and Unappropriated profit	54.32	40.46	42.13	61.78	46.52	40.15
Total Equity	370.59	366.33	381.71	423.26	438.15	450.32
LIABILITIES						
Customer Security Deposit	12.57	8.82	2.52	8.49	14.85	20.21
Other Deferred Liabilities	1.28	105.29	105.02	105.07	104.79	104.95
CURRENT LIABILITIES						
Current Maturity of Long Term Loans	171.64	-	-	-	-	-
Current maturity of Long term Security Deposit	7.66	6.07	10.44	2.46	4.26	7.25
Other Current Liabilities	113.75	29.62	21.58	21.39	26.14	31.22
Total Current Liabilities	293.05	35.69	32.02	23.85	30.40	38.47
Total Liabilities	677.49	516.13	521.27	560.67	588.19	613.95
ASSETS						
Assets Leased Out	97.89	58.31	37.78	49.13	86.66	107.01
Assets in own Use	0.89	0.58	0.38	1.19	1.63	0.28
Long Term Investment	6.35	50.19	49.47	62.56	55.96	72.64
Other Long Term Assets	0.28	0.23	0.18	0.07	0.08	0.07
	105.41	109.31	87.81	112.95	144.33	180.01
Current Assets						
Short term Morabaha & Musharaka	92.56	167.69	44.00	192.12	193.26	330.66
Short Term Investments	74.69	1.56	12.66	14.94	15.19	9.91
Other Current Assets	82.85	17.56	16.83	20.30	8.89	33.64
Cash & Bank Balances	321.98	220.01	359.97	220.36	226.52	59.74
Total Current Assets	572.08	406.82	433.46	447.72	443.86	433.94
Total Assets	677.49	516.13	521.27	560.67	588.19	613.95

**INCOME STATEMENT HIGHLIGHTS**

(Rs. in million)

Year Ended June 30,	2004	2005	2006	2007	2008	2009
INCOME						
Lease	41.91	38.61	34.33	27.41	29.04	42.51
Musharaka & Morabaha	28.91	22.15	9.06	17.87	17.53	26.71
Capital Gain on Investment	2.26	30.79	1.95	0.35	0.17	0.36
Dividend	4.86	1.23	2.82	1.25	0.07	0.07
COI	2.93	1.46	-	-	-	-
Other	7.00	8.61	31.05	24.64	24.76	20.52
Total Income	87.87	102.85	79.21	71.51	71.58	90.16
EXPENSES						
Operating	9.70	9.52	7.60	9.59	11.11	11.71
Financial	65.03	18.96	0.55	0.01	0.00	0.00
Amortisation, Depreciation	34.54	31.56	23.05	21.72	19.95	31.54
Provision for Doubtful Receivable	(19.53)	(4.12)	(8.60)	(13.27)	(11.98)	-
Provision for diminution in value of Investment	0.48	0.47	15.44	(2.17)	(0.26)	15.42
Impairment loss on investment	-	-	-	-	-	6.79
Total Expenses	90.22	56.39	38.04	15.89	18.83	68.46
Share of Profit from associates	-	-	-	3.38	9.57	19.51
Profit/(Loss) before Management Fee	(2.35)	46.46	41.17	59.01	62.32	41.22
Less:- Management Fee	-	3.56	4.12	5.69	6.23	4.12
Profit before Taxation	(2.35)	42.90	37.05	53.32	56.09	37.09
Less:- Taxation	-	10.90	-	-	-	-
Net Profit	(2.35)	32.00	37.05	53.32	56.09	37.09
APPROPRIATIONS						
Final Dividend	-	20.45	21.11	26.39	26.39	26.39
Statutory Reserves	-	9.60	13.71	21.90	28.05	18.55



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being prepared to comply with the code of corporate governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a Modaraba is managed in compliance with the best practices of corporate governance.

- 1) The Modaraba encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes three independent non-executive directors and no director representing minority certificate holders.
- 2) The directors have confirmed that none of them is serving as a director in more than 10 listed companies including this Modaraba.
- 3) All the resident directors of the Modaraba are registered as taxpayer and none of them has defaulted in payment of any loan to a Bank, Modaraba, DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
- 4) There was no casual vacancy occurred in the Board during the year.
- 5) The Modaraba Management Company and Modaraba have prepared a 'Statement of Ethics and Business Practices', which has been approved by the Board of Directors and signed by all the employees of the Modaraba Management Company & Modaraba.
- 6) The Board has developed an 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 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 directors, have been taken by the Board.
- 8) The meetings of the Board were presided over the Chairman and, in his absence, Vice Chairman or a Director elected by the Board, along with agenda and working papers, circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
- 9) The Board members participated in courses during the year to apprise themselves of their duties and responsibilities.
- 10) The Board has approved appointment of CFO, Modaraba Secretary and head of Internal Audit, including their remuneration, terms and conditions of employment, as determined by the CEO.
- 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 the 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 requirement of the Code.
- 15) The Audit Committee comprises of three members including the Chairman.
- 16) The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Modaraba 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 effective internal audit function.
- 18) The Statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control review program 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 auditor 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 guideline in this regard.
- 20) We confirm that all other material principles contained in the Code have been complied with.



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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of UDL Modaraba Management (Private) Limited (the Company) representing First UDL Modaraba (Islamic Financial Institution) [The Modaraba] to comply with the Listing Regulations No. 37 (Chapter XI), No. 43 (Chapter XIII) and No. 36 (Chapter XI) of the Karachi, Lahore and Islamabad Stock Exchanges respectively where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Modaraba's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the company 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

Further, Sub- Regulation (xiii) of Listing Regulations 37 notified by Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Modaraba to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 company for the year ended June 30, 2009.

Karachi

Date: October 08, 2009

Anjum Asim Shahid Rahman
Chartered Accountants



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First UDL Modaraba** (the modaraba) as at **June 30, 2009** 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 (UDL Modaraba Management (Private) 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 the 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 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 accounts 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Date: October 08, 2009
Karachi



**BALANCE SHEET
AS AT JUNE 30, 2009**

	Note	2009	2008
R U P E E S			
ASSETS			
Non-current assets			
Fixed assets - tangible	5	107,289,854	88,293,265
Long term investments	6	72,642,308	55,963,602
Long term advances and deposits	7	74,100	74,100
Total non-current assets		180,006,262	144,330,967
Current assets			
Ijarah rental receivables	8	5,044,731	3,646,447
Musharaka receivables - secured	9	330,658,906	193,258,906
Financial assets- investments at fair value through profit or loss	10	9,905,993	15,196,743
Advances	11	279,463	364,883
Prepayments and other receivables	12	28,311,517	4,876,260
Bank balances	13	59,740,384	226,523,652
Total current assets		433,940,994	443,866,891
Total assets		613,947,256	588,197,858
EQUITY AND LIABILITIES			
Certificate holders' equity			
Certificate capital	14	263,865,890	263,865,890
Statutory reserves	15	146,307,138	127,760,595
Unrealized gain / (loss) on re-measurement of available for sale investments		24,301	(1,436,066)
Unappropriated profit		40,123,405	47,963,453
Total equity		450,320,734	438,153,872
Non-current Liabilities			
Long term security deposits	16	20,206,479	14,850,850
Deferred liabilities	17	104,949,600	104,792,886
Total non-current liabilities		125,156,079	119,643,736
Current Liabilities			
Current maturity of security deposits	16	7,254,369	4,262,935
Payable to management company	18	9,672,039	8,690,300
Accrued and other liabilities	19	21,544,035	17,447,015
Total current liabilities		38,470,443	30,400,250
Contingencies and commitments	20	-	-
Total liabilities and equity		613,947,256	588,197,858

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Director



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009	2008
R U P E E S			
Income			
Income from Ijarah operations	21	42,511,313	29,041,205
Income from Musharaka receivables		26,707,420	17,534,697
Income from investments	22	428,694	1,729,109
Income from other sources	23	20,516,639	20,777,943
		90,164,066	69,082,953
Operating expenses			
Operating expenses	24	13,804,083	11,113,862
Amortization on assets leased out under Ijarah		32,442,003	19,950,355
Reversal of provision for non-performing assets		-	(14,481,690)
Financial charges	25	2,732	4,321
		46,248,818	16,586,848
Operating profit		43,915,248	52,496,105
Unrealized (loss)/gain on re-measurement of investments at fair value through profit or loss		(15,420,724)	256,041
Impairment loss on investments classified as available for sale		(6,790,881)	-
Share of profit from associates (unrealized)		19,510,897	9,573,776
		41,214,540	62,325,922
Modaraba company's management fee		(4,121,454)	(6,232,592)
		37,093,086	56,093,330
Profit for the year		37,093,086	56,093,330
Earning per certificate - basic and diluted	27	1.41	2.13

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009	2008
R U P E E S			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		37,093,086	56,093,330
Adjustment of non cash items:			
Depreciation on own assets	5	487,525	568,219
Unrealised loss/(gain) on re-measurement of investments at fair value through profit or loss		15,420,724	(256,041)
Impairment loss on investments classified as available for sale		6,790,881	-
Reversal of provision for bad debts		-	(14,481,690)
Amortization of assets leased out under ijarah	5	32,442,003	19,950,355
Profit on TFCs		-	(1,482,655)
Gain on sale of investment	22	(354,662)	(174,885)
Share of profit from associates		(19,510,897)	(9,573,776)
Gain on sale of fixed assets			
- own assets	5.1	(15,890)	-
- assets leased out under ijarah	5.1	(22,318)	(76,638)
Provision for staff gratuity		156,714	(422,952)
Dividend income	22	(74,032)	(71,569)
Financial charges	25	2,732	4,321
Operating profit before working capital changes		72,415,866	50,076,019
Changes in working capital:			
(Increase) / decrease in current assets			
Ijarah rental receivables		(1,398,284)	(99,715)
Musharaka receivables		(137,400,000)	(1,140,000)
Advances		85,420	(306,134)
Prepayments & other receivables		(23,435,257)	14,317,932
		(162,148,121)	12,772,083
Increase / (decrease) in current liabilities			
Management Fee payable		981,739	1,580,991
Accrued and other liabilities		3,069,638	2,901,412
		4,051,377	4,482,403
Financial charges paid		(2,732)	(4,321)
Income tax paid		-	-
Net cash (used in) / generated from operating activities		(85,683,610)	67,326,184



	Note	2009	2008
RUPEES			
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets			
- own assets		(42,000)	(1,022,734)
- assets leased out under ijarah		(54,098,148)	(62,018,667)
Long-term investment available for sale		(3,902,278)	-
Short term investment		(10,129,973)	(256,041)
Proceeds from sale of investments		354,662	-
Proceeds from sale of fixed assets			
- own assets		20,000	-
- assets leased out under ijarah		2,232,239	4,616,869
Proceeds from TFCs		-	13,464,344
Dividends received		1,477,986	1,324,194
Net cash used in investing activities		(64,087,512)	(43,892,035)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(25,359,209)	(25,428,466)
Long-term security deposits		8,347,063	8,155,174
Net cash used in financing activities		(17,012,146)	(17,273,292)
Net (decrease) / increase in cash and cash equivalents		(166,783,268)	6,160,857
Cash and cash equivalents at the beginning of the year		226,523,652	220,362,795
Cash and cash equivalents at the end of the year	28	59,740,384	226,523,652

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009**



	Certificate Capital	*Statutory Reserve	Unrealized gain/(loss) on remeasurement of available for sale investment	Unappropriated profit	Total
R U P E E S					
Balance as at July 01, 2007 as restated	263,865,890	99,713,930	1,133,545	46,303,379	411,016,744
Profit distribution in cash	-	-	-	(26,386,591)	(26,386,591)
Profit for the year ended June 30, 2008	-	-	-	56,093,330	56,093,330
Transfer to statutory reserve	-	28,046,665	-	(28,046,665)	-
Unrealized loss on remeasurement of available for sale investments	-	-	(2,569,611)	-	(2,569,611)
Balance as at July 01, 2008	263,865,890	127,760,595	(1,436,066)	47,963,453	438,153,872
Profit distribution in cash	-	-	-	(26,386,591)	(26,386,591)
Profit for the year ended June 30, 2009	-	-	-	37,093,086	37,093,086
Transfer to statutory reserve	-	18,546,543	-	(18,546,543)	-
Impairment loss on available for sale investments	-	-	1,436,066	-	1,436,066
Unrealized gain on remeasurement of available for sale investments	-	-	24,301	-	24,301
	263,865,890	146,307,138	24,301	40,123,405	450,320,734

* In accordance with the Prudential Regulations for Modarabas, the modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of after tax profits is required to be transferred to statutory reserve.

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF THE BUSINESS

First UDL Modaraba was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under, having its registered office at 1st floor, N.I.C. Building, Abbasi Shaheed Road, off Shahrah e Faisal, Karachi and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Modaraba and is engaged in providing finance on Murabaha and Musharaka arrangements, Ijarah, commodity trading and trading in listed and non-interest bearing securities.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (the Ordinance) and the Modaraba Companies and Modaraba Rules, 1981 (the Rules). Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) as are notified under the provisions of Companies Ordinance, 1984, provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.1.1 The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 10 of 2004 dated 13 February has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effects from 1st July 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas with out applying the requirements of said IAS to the Modarabas. However, the requirements of above IAS have been considered for the purpose of preparations of these financial statements.

2.1.2 During the year 2007, Islamic Financial Accounting Standards (IFAS) - 2 'Ijarah' was issued by the Institute of Chartered Accountants of Pakistan and the same was notified by the Securities and Exchange Commission of Pakistan (SECP) vide an SRO dated 22nd May 2007. Under the IFAS 2, the 'Ijarah' transactions are required to be accounted for as operating leases. The IFAS is operative for Financial Statements covering the period beginning on after 1st July 2007 and is required to be followed on those Ijarahs which commence after 1st July 2007.

Securities and Exchange Commission of Pakistan has allowed the Modarabas that the said standard may be followed for the Ijarahs issued on or after July 01, 2008. Consequently, Modaraba has followed the said standard with effect from July 01, 2008. There are no significant changes that have resulted from adoption of IFAS-2 by the Modarabs.

2.2 Initial application of a Standard or an Interpretation

The following standards, amendments and interpretations become effective during the current year:

IFRS 7 - Financial Instruments: Disclosure (effective for annual periods beginning on or after April 28, 2008) supersedes IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard is not expected to have significant impact on the Modaraba's financial statements other than increase in disclosures.

IAS 29 - Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning



on or after April 28, 2008). The Modaraba does not have any operations in hyperinflationary economies and therefore the application of the standard is not likely to have an effect on the Modaraba's financial statements.

IFRIC 13 - Customer loyalty programmes (effective for annual periods beginning on or after July 01, 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Modaraba's financial statements.

IFRIC 14 *IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 01, 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such assets. The interpretation has no effect on Modaraba's financial statements for the year ended June 30, 2009.

2.3 Standards, amendments and interpretations in current year but not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than increase in disclosures in certain cases:

Amendments in IAS 32 – Financial and IAS 1 – Presentation of	January 01, 2009
IAS 23 –	January 01, 2009
IAS 27 – Consolidated and Separate	January 01, 2009
IAS 36 –	January 01, 2009
IAS 38	January 01, 2009

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after January 01, 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owners changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing Costs (effective for annual periods beginning on or after January 01, 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Amendment to IFRS 7 - Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after January 01, 2009). The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

IFRS 8 - Operating Segments (effective for annual periods beginning on or after January 01, 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Modaraba's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently, the Modaraba presents segment information



in respect of its business segments.

3. BASIS OF PREPARATION

- 3.1 These financial statements have been prepared under the historical cost convention except for: Investments - available for sale and investment - at fair value through profit or loss have been recognised at fair value and staff benefit have been recognised at value determined by the actuary.
- 3.2 These financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented.

4.1 Use of estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the modarabas accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

	Note
a) Useful lives of depreciable assets	4.2
b) Provision for income taxes	4.7
c) Staff retirement benefits - gratuity	4.8
d) Accrued liabilities	4.12
e) Impairment of assets	4.16

4.2 Fixed assets - tangible

4.2.1 Assets in own use and depreciation

Fixed assets except freehold land are stated at cost less accumulated depreciation and any impairment loss. Freehold land is stated at cost less any impairment loss.

Depreciation on all property, plant and equipment is charged to income by applying the straight-line method whereby cost of an asset is written off over its estimated useful life. During the current year, the modaraba has changed its method of computation of depreciation on own fixed assets, whereby, with effect from the current year, depreciation on additions is charged from the month in which an asset is available for use to the month immediately preceding the disposals, as opposed to the previous method of charging full year's depreciation in the year of additions and no depreciation in the year of disposal. The said change has been made as the management believes that the changed basis better reflect the pattern of utilization of economic benefits derived from the assets. The said change has

been accounted for prospectively in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as a result, depreciation charge has decreased by Rs.102 and operating profit for the current year have increased by a sum of Rs. 4,200.

The assets residual value and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The modaraba assesses at each balance sheet date whether there is any indication that fixed 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 amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful lives.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

4.2.2 Assets leased out under Ijarah and depreciation

Assets leased out under ijarah are stated at cost less accumulated depreciation and impairment, if any. During the current year, the modaraba has changed its method of computation of depreciation on 'Assets leased out under Ijarah' whereby, with effect from the current year, depreciation is charged using straight line method over the lease term, as opposed to the previous method of charging depreciation using annuity method. The said change has been made under the instructions issued by the Securities and Commission of Pakistan vide letter no. SC/M/RW/SCM/2009 dated March 09, 2009. The said change has been accounted for prospectively in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as a result, depreciation charge has increased by Rs. 905,110 and operating profit for the current year has decreased by a sum of 905,110.

4.3 Investment in associates

Investment in associates which are entities over which the modaraba has significant influence but not control, are carried using equity method following.

Investment in associate is stated in financial statements using the equity method of accounting. Under the equity method, investments in associate is carried in the balance sheet at cost as adjusted for post acquisition changes in the modaraba's share of net assets of the associate, less any impairment in the value of individual investment. When the modaraba's share of losses in an associate equals or exceeds its interest in the associate including any other unsecured receivables if any, the modaraba does not recognise further losses, unless it has incurred obligations or made payments on behalf of associate.

4.4 Financial instruments

Financial assets and liabilities are recognized when the modaraba becomes a party to the contractual provisions of the instruments and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled and expired.

**Initial recognition**

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Subsequent measurement

Financial assets and financial liabilities are measured subsequently as described below.

4.4.1 Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

- Long term advances and deposits
- Ijarah rental receivables
- Musharaka receivables
- Advances
- Other receivables
- Cash and cash equivalents

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as 'at fair value through profit or loss' or held for trading.

Financial assets in this category are measured at fair value with gains or losses recognised in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

Held-to-maturity investments

These are securities with fixed or determinable payments and fixed maturity which the modaraba has the positive intent and ability to hold to maturity. These are measured at amortized cost.

Available for sale

Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition these investments are marked to market



using the closing market rate and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to certificateholders' equity.

Derecognition of financial assets

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the modaraba has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

4.4.2 Financial liabilities

The Modaraba's financial liabilities include:

- long term security deposits
- deferred liability
- Accrued and other liabilities

Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the modaraba has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.5 Musharaka finance

Musharaka finance is recognised initially at cost, less attributable transaction costs. Subsequent in initial recognition, this is stated at original cost less repayments.

4.6 Revenue Recognition

Profit on Musharaka receivables and finances are accounted for on the basis of expected rate of profit. The effect of adjustments, if any, between actual rate and expected rate of profit is accounted for at the time of determinations of the actual rate. Unrealized Musharaka income is excluded from profit on Musharaka receivables in accordance with the requirement of Prudential Regulations for Modarbas issued by SECP.

Return on investment and deposits with banks are recognized on an accrual basis.

Ijarah / lease rental income is recognized on an accrual basis.

Dividend income is recognized when the right to receive the payment is established.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.



Profit on term finance certificates (TFCs) are accrued when due. Unrealized term finance certificate's income is excluded from profit on TFCs receivables in accordance with the requirement of Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP).

4.7 Taxation

4.7.1 Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any. For items covered under presumptive tax regime, provision is made according to the presumptive tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.7.2 Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future as modaraba's income is subject to presumptive tax regime.

4.8 Staff retirement benefits - Gratuity

The company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the company. Provision for gratuity has been made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Actuarial valuation is conducted in accordance with International Financial Reporting Standards and actuarial (unrecognized) gains and losses are recognised in accordance with actuary report. Latest actuarial valuation was conducted as at June 30, 2009.

4.9 Borrowings and their costs

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Borrowings cost are recognized as an expense in the period in which they are incurred and are included in current liabilities to the extent of the amount remaining unpaid.

4.10 Provisions

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

4.11 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 comprise cash at bank and other short term highly liquid



investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.12 Accrued and other payables

Liabilities for accrued and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

4.13 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.14 Transactions with related parties

All transactions with related parties are carried out by the modaraba at arm's length prices.

4.15 Profit distribution to certificates holders

Profit distribution to certificates holders is recognized as liability in the period in which such distribution is announced.

4.16 Impairment of non financial assets

The carrying amount of non financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated accordingly and impairment loss is recognized in the profit and loss account for the carrying amount of asset that exceeds its recoverable amount.

4.17 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the modaraba operates. The financial statements are presented in Pak Rupees, which is the modaraba's functional and presentation currency.

4.18 Segment reporting

A segment is a distinguishable component of the modaraba that is engaged in providing related products or services which is subject to risk and reward that are different from those of other segments. The modaraba's primary reporting is based on 'business segments' as the modaraba conduct its operation only in Pakistan.

4.19 Capital risk management

The modaraba's objective when managing capital is to safe guard the modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holder's and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses.

The modaraba's 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 capital structure, the modaraba may adjust the amount of dividend paid to certificate holders or issue new certificates.



5. FIXED ASSETS - tangible

Particulars	COST		DEPRECIATION		Net book Value as at June 30, 2009	Depreciation Rate per annum %
	As at July 1, 2008	Additions / (Deletions) As at June 30, 2009	As at July 1, 2008	Charge for the year / (Deletions) As at June 30, 2009		
R U P E E S						
Assets Own use						
Computer equipment	2,038,687	-	1,910,007	44,940	1,954,947	20
Office equipment and appliances	697,397	-	697,363	-	697,363	20
Furniture and fittings	2,538,644	-	2,456,807	20,287	2,477,094	10
Vehicles	3,060,000	42,000 (41,000)	1,635,787	422,298 (36,890)	2,021,195	20
Sub total	8,334,728	42,000 (41,000)	6,699,964	487,525 (36,890)	7,150,599	1,185,129
Assets leased out under ijarah						
Machinery and equipments	37,121,674	19,599,148 (72,924)	16,922,839	8,337,538 (65,632)	25,194,745	31,453,153
Vehicles	86,477,667	34,499,000 (3,630,600)	20,018,001	24,104,465 (1,427,971)	42,694,495	74,651,572
Sub total	123,599,341	54,098,148 (3,703,524)	36,940,840	32,442,003 (1,493,603)	67,889,240	106,104,725
Total 2009	131,934,069	54,140,148 (3,744,524)	43,640,804	32,929,528 (1,530,493)	75,039,839	107,289,854

5.1 Detail of disposal

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain/(Loss) on Disposal of Fixed Assets	Mode of Disposal	Particular of Purchasers
ASSETS IN OWN USE							
Vehicle							
M/Cycle CD-70	41,000	(36,890)	4,110	20,000	15,890	Negotiation	Star Autos
	41,000	(36,890)	4,110	20,000	15,890		
ASSET LEASED OUT UNDER IJARAH							
Vehicle							
Suzuki Cultus VXL	660,000	(270,802)	389,198	389,198	-	Negotiation	B.T.Knitting
Suzuki Bolan	417,600	(82,151)	335,449	335,449	-	Negotiation	Gray Mackenzie Restaurant Int'l.
Nissan Truck	1,500,000	(127,318)	1,372,682	1,395,000	22,318	Negotiation	New Shaheen Sargodha
1 unit Shezor & 1 unit Bolan	1,053,000	(947,700)	105,300	105,300	-	Negotiation	Gray Mackenzie Restaurant Int'l.
	3,630,600	(1,427,971)	2,202,629	2,224,947	22,318		
Equipment							
Note Pad	72,924	(65,632)	7,292	7,292	-	Negotiation	Abdul Saeed Daudpota
	72,924	(65,632)	7,292	7,292	-		
Total Disposals	3,744,524	(1,530,493)	2,214,031	2,252,239	38,208		



FIXED ASSETS - tangible

Particulars	COST		DEPRECIATION		Net book Value as at June 30, 2008	Depreciation Rate per annum %
	As at July 1, 2007	Additions / (Deletions)	As at July 1, 2007	Charge for the year / (Deletions)		
Assets Own use						
Computer equipment	1,936,980	112,207 (10,500)	1,864,557	45,450	1,910,007	20
Office equipment and appliances	697,397	-	697,363	-	697,363	20
Furniture and fittings	2,498,117	40,527	2,436,034	20,773	2,456,807	10
Vehicles	2,190,000	870,000	1,133,791	501,996	1,635,787	20
Sub total	7,322,494	1,022,734 (10,500)	6,131,745	568,219	6,699,964	
Assets leased out under ijarah						
Machinery and equipments	34,863,674	7,095,000 (4,837,000)	16,551,031	4,725,108 (4,353,300)	16,922,839	20,198,835
Vehicles	40,201,000	54,923,667 (8,647,000)	9,383,223	15,225,247 (4,590,469)	20,018,001	66,459,666
Sub total	75,064,674	62,018,667 (13,484,000)	25,934,254	19,950,355 (8,943,769)	36,940,840	86,658,501
Total 2008	82,387,168	63,041,401 (13,494,500)	32,065,999	20,518,574 (8,943,769)	43,640,804	88,293,265

R U P E E S



	Note	2009	2008
RUPEES			
6. LONG TERM INVESTMENTS			
Associated companies	6.1	69,690,557	47,681,336
Available for sale			
Other listed companies	6.2	2,951,751	8,282,266
		<u>72,642,308</u>	<u>55,963,602</u>
Held to maturity			
Term finance certificates (TFC's) Series 'B'	6.3	927,107	927,107
Provision for non-performing assets		(927,107)	(927,107)
		<u>72,642,308</u>	<u>55,963,602</u>

6.1 Associated companies

2009

	Scarle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
Opening Balance	40,576,724	6,587,939	516,673	-	47,681,336
Additions made during the year	3,902,278	-	-	-	3,902,278
Share of profit of associate	13,893,314	6,218,822	(77,308)	(523,931)	19,510,897
Specie dividend adjustment	(10,802,817)	-	-	10,802,817	-
Dividend Income	(1,398,454)	-	(5,500)	-	(1,403,954)
	<u>46,171,045</u>	<u>12,806,761</u>	<u>433,865</u>	<u>10,278,886</u>	<u>69,690,557</u>

2008

Opening Balance	34,536,501	4,693,385	130,297	-	39,360,183
Share of profit of associate	7,287,347	1,894,554	391,876	-	9,573,777
Dividend Income	(1,247,124)	-	(5,500)	-	(1,252,624)
	<u>40,576,724</u>	<u>6,587,939</u>	<u>516,673</u>	<u>-</u>	<u>47,681,336</u>

6.1.1 Basis of significant influence

Name of Associate

Basis of significant influence

Scarle Pakistan Limited

Common directorship

United Distributors Pakistan Limited

Common directorship

United Brands Limited

Common directorship

IBL Healthcare Limited

Common directorship



6.1.2 During the year, Searle Pakistan Limited has paid specie dividend to the modaraba in shape of shares of IBL Healthcare Limited. The same has been treated as investment in associates due to common directorship.

6.1.3 Summarized financial statements of associates as follows:

	2009			
	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited
	Rupees			
Share capital - ordinary shares of Rs. 10 each	26,632,000	8,349,000	1,200,000	20,000,000
Total assets	2,336,716,000	729,787,000	161,935,366	343,300,000
Total liabilities	1,112,902,000	520,017,851	180,269,555	104,275,000
Net assets	1,223,814,000	209,769,149	(18,334,189)	239,025,000
Revenue	2,708,974,000	773,324,221	678,688,550	414,882,000
Profit / (loss) for the year - after tax	258,414,000	78,244,988	(16,867,281)	(19,555,000)
Number of shares held	1,431,837	663,569	5,500	535,854
Ownership interest	5.38%	7.95%	0.46%	2.68%
Fair value per share as at June 30, 2009	44.55	16.31	54.00	13.63
Fair value of shares as at June 30, 2009	63,788,338	10,822,810	297,000	7,303,690
Financial results are based on latest the information available as on	June 30, 2009	June 30, 2009	June 30, 2009	June 30, 2009
	2008			
	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited
	Rupees			
Share capital - ordinary shares of Rs. 10 each	26,632,000	7,260,000	1,200,000	-
Total assets	2,296,607,000	510,369,596	128,669,188	-
Total liabilities	1,173,375,000	378,845,437	119,840,470	-
Net assets	1,123,232,000	131,524,159	8,828,718	-
Revenue	2,085,344,000	504,512,961	235,059,981	-
Profit for the year - after tax	141,472,000	14,577,710	4,931,051	-
Number of shares held	1,371,837	577,017	5,500	-
Ownership interest	5.15%	7.95%	0.46%	-
Fair value per share as at June 30, 2008	91.54	25.74	45.07	-
Fair value of shares as at June 30, 2008	125,577,959	14,852,418	247,885	-
Financial results are based on latest the information available as on	June 30, 2008	June 30, 2008	June 30, 2007	-

**6.2 Other listed companies**

No. of Shares			2009	2008
2009	2008		RUPEES	
		Food and Personal Care Products		
1,000	1,000	Gillette Pakistan Limited	51,600	133,610
		Chemicals		
204,022	204,022	Nimir Industrial Chemicals Limited	281,560	689,594
		Leasing Company		
858,935	858,935	Security Leasing Corporation Limited	1,700,691	5,918,062
		Textile Composite		
67,000	67,000	International Knitwear	917,900	1,541,000
			2,951,751	8,282,266

The values of all shares / certificates are of the nominal value of Rs. 10 each.

- 6.3** The above TFCs have been issued against the outstanding lease amount receivable from Pakland Cement Limited (PCL). As per scheme of arrangement arrived at by the creditors with PCL and approved by the honorable High Court, Sindh, Karachi, the outstanding exposure has been converted into TFCs. These are secured by pari passu charge / mortgage over the assets and securities of PCL created in favour of the Trustees appointed on behalf of the TFC holders/ creditors. Series 'A' TFCs have been paid in full whereas partial amounts have been received against Series 'B' TFCs. During the year, no payments have been received.

7. LONG TERM ADVANCES AND DEPOSITS

	2009	2008
	RUPEES	
Advances	105,000	105,000
Provision for non-performing assets	(105,000)	(105,000)
	-	-
Deposits	74,100	74,100
	74,100	74,100

All the amounts are long term. The carrying amount is considered a reasonable approximation of fair value.

8. IJARAH RENTAL RECEIVABLES

Ijarah rental receivables	10,756,023	7,999,000
Income suspended	(5,711,292)	(4,352,553)
	5,044,731	3,646,447

All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

All the Ijarah rental receivable have been reviewed for indicators of impairment. Certain rentals were found to be impaired and consequently provision has been recorded in accordance with the requirements of Prudential Regulations for Modarabas.

9. MUSHARAKA RECEIVABLES - secured

Musharaka receivables	330,658,906	193,258,906
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9.1 The Modaraba has entered into musharaka agreements under which the modaraba has provided funds for working capital requirements on profit and loss sharing basis and for the period of 365 days. These are secured against hypothecation of stocks and current assets, demand promissory notes, personal guarantee of directors and proprietors and mortgage of properties. The finance given is renewable on maturity. Expected rate of profit ranges from 10% to 21% (2008: 10% to 20%).

All the amounts are short term. The net carrying amount of musharaka receivables is considered a reasonable approximation of fair value.

**10. FINANCIAL ASSETS-INVESTMENT
- at fair value through profit or loss**

Other listed companies		10.1	<u>9,905,993</u>	<u>15,196,743</u>
No. of Shares			2009	2008
2009	2008		RUPEES	
10.1 Other listed companies				
Leasing Company				
321	321	Al-Zamin Leasing Corporation Limited	600	1,188
Textile Spinning				
15,000	15,000	Hajra Textile Limited	28,500	43,500
31,461	31,461	Saif Textile Mills Limited	125,844	314,295
Food and Personal Care Products				
888	888	Nestle Pakistan	969,924	1,456,320
170,000	100,000	Gillette Pakistan Limited	8,772,000	13,361,000
Modaraba				
36,500	36,500	Unicap Modaraba	9,125	20,440
			<u>9,905,993</u>	<u>15,196,743</u>

The values of all shares / certificates are of the nominal value of Rs. 10 each.

11. ADVANCES

Advances to staff - considered good	<u>279,463</u>	<u>364,883</u>
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All the amounts are short term. The net carrying amount of advances is considered a reasonable approximation of fair value.

	Note	2009	2008
RUPEES			
12. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		111,895	151,566
Profit due on:			
Musharaka receivable		24,967,241	1,955,167
Receivable on certificate of investments (COIs)		458,735	458,735
Provision against profit on certificate of investments (COIs)		(458,735)	(458,735)
Others		3,232,381	2,769,527
Receivable against terminated leases		604,284	604,284
Provision for non-performing assets		(604,284)	(604,284)
		<u>28,311,517</u>	<u>4,876,260</u>



All the amounts are short term. The net carrying amount of other receivables and profit due is considered a reasonable approximation of fair value.

13. BANK BALANCES	Note	2009	2008
		RUPEES	
PLS accounts	13.1	56,111,123	75,805,487
Current accounts		48,406	506,989
Deposit accounts	13.2	3,580,855	150,211,176
		<u>59,740,384</u>	<u>226,523,652</u>

13.1 These account carry profit rate ranging from 6 % to 13 % (2008: 6 % to 11 %)

13.2 These account carry profit rate ranging from 6 % to 12.2 % (2008: 6 % to 11 %)

14. CERTIFICATE CAPITAL	Note	2009	2008
		RUPEES	
Authorised certificate capital			
		2009	2008
		No. of Certificates	
50,000,000	50,000,000	Modaraba certificates of Rupees 10 each	500,000,000
Issued, subscribed and paid-up capital			
17,668,885	17,668,885	Modaraba certificates of Rupees 10 each fully paid-up in cash	176,688,850
8,717,704	8,717,704	Modaraba certificates issued as fully paid-up bonus certificates	87,177,040
<u>26,386,589</u>	<u>26,386,589</u>		<u>263,865,890</u>

15. STATUTORY RESERVE

Balance at the beginning of the year	127,760,595	99,713,930
Transferred from profit and loss account	18,546,543	28,046,665
	<u>146,307,138</u>	<u>127,760,595</u>

In accordance with the Prudential Regulations for Modarabas, the modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the reserve.

16. LONG TERM SECURITY DEPOSITS	Note	2009	2008
		RUPEES	
Long term security deposits		27,460,848	19,113,785
Less: current maturity		7,254,369	4,262,935
		<u>20,206,479</u>	<u>14,850,850</u>



	Note	2009	2008
17. DEFERRED LIABILITIES		RUPEES	
Staff gratuity	17.1	933,325	776,611
Accrued profit on IFC income notes	17.2	104,016,275	104,016,275
		104,949,600	104,792,886
17.1 Employees benefits - staff gratuity			
Movement in liability recognised in the balance sheet			
Balance sheet liability as at June 30,		776,611	458,296
Expense recognised during the year		156,714	318,315
Balance sheet liability as at June 30,		933,325	776,611
Charge to profit & loss (P&L) account for the year			
Current service cost		60,466	46,982
Interest cost		96,248	66,330
Transitional / liability recognised		-	205,003
Total amount chargeable to profit and loss account		156,714	318,315
Balance sheet liability as on June 30, 2008			
Present value of defined benefit obligation		1,107,577	802,063
Net actuarial (loss) not recognized		(174,252)	(25,452)
		933,325	776,611
Key actuarial assumptions:			
Valuation discount rate		13.00 %	12.00 %
Salary increase rate		12.00 %	12.00 %
17.2			
This exemplifies the amount of accrued profit on IFC Income Notes. Out of total profit, Rs. 20 million shall be payable on the day the loan proceeds against IFC's local currency guarantee is received from the IFC. The remaining amount shall be payable in 12 equal quarterly installments commencing 90 days from the day the loan proceeds against IFC's local currency guarantee is received from the IFC.			
18. PAYABLE TO MANAGEMENT COMPANY			
The management Company is entitled to a remuneration for services rendered to modaraba under the provision of the Modaraba Company and Modarabas (Flotation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the modaraba.			
The amount payable to the management company relates mainly to expenses incurred by management company on behalf of modaraba.			
19. ACCRUED AND OTHER LIABILITIES	Note	2009	2008
		RUPEES	
Accrued expenses		4,196,079	554,063
Other Liabilities			
Provision for taxation		4,376,755	4,424,453
Unclaimed profit distributions		7,891,953	6,864,571
Others		5,079,248	5,603,928
		21,544,035	17,447,015



	Note	2009	2008
		R U P E E S	
20. CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments as at June 30, 2009 (2008: Nil).			
21. INCOME FROM IJARAH OPERATIONS			
Ijarah rentals		42,431,492	28,764,695
Documentation fee		57,503	80,510
Front-end fee		-	15,000
Arrangement fee		-	104,362
Gain on disposal of ijarah assets		22,318	76,638
		<u>42,511,313</u>	<u>29,041,205</u>
22. INCOME FROM INVESTMENTS			
Dividend income		74,032	71,569
Gain on sale of securities		354,662	174,885
Profit on Term Finance Certificates (TFCs)		-	1,482,655
		<u>428,694</u>	<u>1,729,109</u>
23. INCOME FROM OTHER SOURCES			
Profit on deposits with banks		20,500,236	20,715,923
Miscellaneous		16,403	62,020
		<u>20,516,639</u>	<u>20,777,943</u>
24. OPERATING EXPENSES			
Salaries and other staff benefits	24.1	3,707,463	2,667,874
Traveling and conveyance		2,306,838	1,800,128
Vehicles upkeep		1,879,880	1,845,902
Communication		1,006,963	1,058,326
Printing and stationery		452,440	207,744
Rent, rates and taxes		879,515	881,500
Repair and maintenance		377,366	307,021
Legal and professional charges		423,836	262,500
Share custody charges		39,310	15,000
Insurance		129,865	34,200
Entertainment		452,509	446,082
Tax and consultancy		25,797	305,000
Fee and subscription		317,417	416,739
Auditors' remuneration	24.2	296,690	228,100
Advertisement		48,614	21,863
Depreciation	5	487,525	568,219
Povision for Gratuity		156,714	-
Other expenses		815,341	47,664
		<u>13,804,083</u>	<u>11,113,862</u>

**24.1. Remuneration to officers and employees**

The aggregate amount of remuneration charged in these financial statements, including all benefits to officers and employees of the modaraba are as under:

	2009			2008		
	Officers	Employees	Total	Officers	Employees	Total
Salaries & allowances	3,175,781	139,324	3,315,105	2,288,563	153,750	2,442,313
Retirement benefits	109,744	9,776	119,520	72,405	8,808	81,213
Bonus	83,172	8,065	91,237	46,451	7,097	53,548
Medical expenses	171,613	9,988	181,601	86,260	4,540	90,800
	3,540,310	167,153	3,707,463	2,493,679	174,195	2,667,874
No. of persons	3	1	4	3	1	4

24.1.1 Certain executives and officers are also provided with free use of vehicles maintained by the modaraba and petrol allowance.

24.2 Auditors' remuneration	Note	2009	2008
		RUPEES	
Audit fee		265,000	205,000
Out-of-pocket expenses		31,690	23,100
		296,690	228,100
25. FINANCIAL CHARGES			
Bank charges		2,732	4,321

26. PROVISION FOR TAXATION

The Finance Act, 1999 has exempted income of the modaraba, other than income from trading activities, provided it distributes 90% of its profits for the year to its certificate holders. Accordingly no provision for taxation has been made for the current year.

27. EARNING PER CERTIFICATE - basic	Note	2009	2008
		RUPEES	
Profit for the year		37,093,086	56,093,330
		Number of certificates	
Weighted average number of ordinary certificates outstanding during the year		26,386,589	26,386,589
Earnings per certificate - basic		1.41	2.13

27.1 There is no dilution effect on the basic earnings per share of the modaraba as the company has no such commitments.



28. CASH AND CASH EQUIVALENTS	Note	RUPEES	
		2009	2008
Bank balances		<u>59,740,384</u>	<u>226,523,652</u>

29. TRANSACTION WITH RELATED PARTIES

The related parties comprise related group companies, directors and close family members, executives, major certificate holders and staff retirement funds of the modaraba. These are the associated companies as they are either under the same management and / or with common directors. The modaraba has a policy whereby all transactions with related parties are entered into arm's length prices using the comparable uncontrollable method. The significant transactions with these associated companies are as follows:

Transactions	Relationship	RUPEES	
		2009	2008
Management fee	Management company	<u>4,121,454</u>	<u>6,232,592</u>
Corporate expenses	Associates	<u>6,000,000</u>	<u>5,400,000</u>
Dividend received	Associates	<u>1,403,954</u>	<u>1,252,624</u>
Purchase of investments	Associates	<u>3,902,278</u>	<u>-</u>

30. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

Financial risk management

The board of directors of the modaraba management company has overall responsibility for the establishment and oversight of the modaraba's risk management framework. The modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the modaraba is not exposed to any major concentration of credit risk.

Business	2009		2008	
	Rupees	%	Rupees	%
Modaraba	<u>140,000,000</u>	<u>36.39%</u>	55,000,000	20.49%
Trading/distribution	<u>376,000</u>	<u>0.10%</u>	273,651	0.10%
Textile	-	0.00%	16,034,402	5.97%
Investment Companies/Bank	<u>64,500,000</u>	<u>16.76%</u>	60,000,000	22.35%
Chemical & Pharmaceuticals	<u>4,150,000</u>	<u>1.08%</u>	2,138,039	0.80%
Food & Beverages	<u>18,479,148</u>	<u>4.80%</u>	-	0.00%
Individual	<u>5,806,000</u>	<u>1.51%</u>	4,932,393	1.84%
Miscellaneous	<u>151,445,906</u>	<u>39.36%</u>	130,080,975	48.45%
	<u>384,757,054</u>	<u>100.00%</u>	<u>268,459,460</u>	<u>100.00%</u>



30.2 Liquidity risk

The modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they for due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

2009	Upto one year	One year to five years	Over five years	Total
Rupees				
Financial assets				
Long term investments	-	2,951,751	-	2,951,751
Long term advances and deposits	-	-	74,100	74,100
Ijarah rental receivables	5,044,731	-	-	5,044,731
Musharaka receivables	330,658,906	-	-	330,658,906
Short term investments - investments at fair value through profit and loss	9,905,993	-	-	9,905,993
Advances	279,463	-	-	279,463
Other receivables	3,232,381	-	-	3,232,381
Profit due on musharaka receivables	24,967,241	-	-	24,967,241
Bank balances	59,740,384	-	-	59,740,384
	<u>433,829,099</u>	<u>2,951,751</u>	<u>74,100</u>	<u>436,854,950</u>
Financial liabilities				
Long term security deposits	7,254,369	20,206,479	-	27,460,848
Accrued profit on IFC income notes	-	104,016,275	-	104,016,275
Payable to management company	9,672,039	-	-	9,672,039
Accrued and other liabilities	21,544,035	-	-	21,544,035
	<u>38,470,443</u>	<u>124,222,754</u>	<u>-</u>	<u>162,693,197</u>
On-balance sheet gap (a) - 2009	<u>395,358,656</u>	<u>(121,271,003)</u>	<u>74,100</u>	<u>274,161,753</u>
2008	Upto one year	One year to five years	Over five years	Total
Rupees				
Financial assets				
Long term investments	-	8,282,266	-	8,282,266
Long term advances and deposits	-	-	74,100	74,100
Ijarah rental receivables	3,646,447	-	-	3,646,447
Musharaka receivables	193,258,906	-	-	193,258,906
Short term investments - investments at fair value through profit and loss	15,196,743	-	-	15,196,743
Advances	364,883	-	-	364,883
Other receivables	2,769,527	-	-	2,769,527
Bank balances	226,523,652	-	-	226,523,652
	<u>441,760,158</u>	<u>8,282,266</u>	<u>74,100</u>	<u>450,116,524</u>
Financial liabilities				
Long term security deposits	4,262,935	14,850,850	-	19,113,785
Accrued profit on IFC income notes	-	104,016,275	-	104,016,275
Payable to management company	8,690,300	-	-	8,690,300
Accrued and other liabilities	17,447,015	-	-	17,447,015
	<u>30,400,250</u>	<u>118,867,125</u>	<u>-</u>	<u>149,267,375</u>
On-balance sheet gap (a) - 2008	<u>411,359,908</u>	<u>(110,584,859)</u>	<u>74,100</u>	<u>300,849,149</u>

**30.3 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The company is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.

31.1 Financial instruments by category	2009	2008
	R U P E E S	
<i>Loans and receivables</i>		
Long term advances and deposits	74,100	74,100
Ijarah rental receivables	5,044,731	3,646,447
Musharaka receivables	330,658,906	193,258,906
Advances	279,463	364,883
Other receivables	3,232,381	2,769,527
Profit due on musharaka receivables	24,967,241	
Bank balances	59,740,384	226,523,652
<i>Financial assets at fair value through profit or loss</i>		
Short term investments - investments at fair value through profit and loss	9,905,993	15,196,743
<i>Available-for-sale financial assets</i>		
Long term investments	2,951,751	8,282,266
	436,854,950	450,116,524
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Long term security deposits	27,460,848	19,113,785
Accrued profit on IFC income notes	104,016,275	104,016,275
Payable to management company	9,672,039	8,690,300
Accrued and other liabilities	21,544,035	17,447,015
	162,693,197	149,267,375
	274,161,753	300,849,149



32. YIELD / PROFIT RATE RISK EXPOSURE

The information about modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:

DESCRIPTION	Effective yield / Profit risk %age	2009						TOTAL
		Yield / Profit Bearing Maturing			Non - Yield / Profit Bearing Maturing			
		Within one year	After one year	SUB TOTAL	Within one year	After one year	SUB TOTAL	
Rupees								
Financial assets								
Long term investments	-	-	2,951,751	2,951,751	-	-	2,951,751	
Long term advances and deposits	-	-	-	-	74,100	-	74,100	
Ijarah rental receivables	17% to 19%	5,044,731	-	5,044,731	-	-	5,044,731	
Musharaka receivables - secured	12% to 21%	330,658,906	-	330,658,906	-	-	330,658,906	
Short term investments - investments at fair value through profit or loss	-	9,905,993	-	9,905,993	-	-	9,905,993	
Advances	-	-	-	-	279,463	-	279,463	
Other receivables	-	-	-	-	28,311,517	-	28,311,517	
Bank balances	6% to 13%	59,691,978	-	59,691,978	48,406	-	59,740,384	
	(a)	405,301,608	2,951,751	408,253,359	28,639,386	74,100	436,966,845	
Financial liabilities								
Long term security deposits	-	-	-	-	7,254,369	20,206,479	27,460,848	
Deferred liability	-	-	104,949,600	104,949,600	-	-	104,949,600	
Accrued and other liabilities	-	-	-	-	9,275,327	-	9,275,327	
	(b)	-	104,949,600	104,949,600	16,529,696	20,206,479	141,685,775	
On-balance sheet gap	(a)-(b)	405,301,608	(101,997,849)	303,303,759	12,109,690	(20,132,379)	295,281,070	
Non-financial Assets							176,980,411	
Non-financial Liabilities							21,940,747	
Total net assets							494,202,228	

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.



YIELD / PROFIT RATE RISK EXPOSURE

The information about modaraba's exposure to yield rate risk, based on contractual re-linking or maturity dates whichever is earlier, is as follows:

DESCRIPTION	Effective yield / Profit risk %age	2008						TOTAL
		Yield / Profit Bearing Maturing			Non - Yield / Profit Bearing Maturing			
		Within one year	After one year	SUB TOTAL	Within one year	After one year	SUB TOTAL	
Rupees								
Financial assets								
Long term investments	-	-	8,282,266	8,282,266	-	-	8,282,266	
Long term advances and deposits	-	-	-	-	74,100	-	74,100	
Ijarah rental receivables	14% to 19%	3,646,447	-	3,646,447	-	-	3,646,447	
Musharaka receivables - secured	12% to 19%	193,258,906	-	193,258,906	-	-	193,258,906	
Short term investments - investments at fair value through profit and loss	-	15,196,743	-	15,196,743	-	-	15,196,743	
Advances	-	-	-	-	364,883	-	364,883	
Other receivables	-	-	-	-	4,876,260	-	4,876,260	
Bank balances	3% to 11%	226,016,663	-	226,016,663	506,989	-	226,523,652	
	(a)	438,118,759	8,282,266	446,401,025	5,748,132	74,100	452,223,257	
Financial liabilities								
Long term security deposits	-	-	-	-	4,262,935	14,850,850	19,113,785	
Deferred liability	-	-	104,792,886	104,792,886	-	-	104,792,886	
Accrued and other liabilities	-	-	-	-	6,157,991	-	6,157,991	
	(b)	-	104,792,886	104,792,886	10,420,926	14,850,850	130,064,662	
On-balance sheet gap	(a)-(b)	438,118,759	(96,510,620)	341,608,139	(4,672,793)	(14,776,750)	322,158,596	
Non-financial Assets							135,974,601	
Non-financial Liabilities							19,979,324	
Total net assets							478,112,521	

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.

Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.



33. MATURITIES OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the modaraba's assets and liabilities:

	2009			Total
	Upto one year	One year to five years	Over five years	
	Rupees			
Assets				
Fixed assets - tangible	-	107,289,854	-	107,289,854
Long term investments	-	2,951,751	69,690,557	72,642,308
Long term advances and deposits	-	74,100	-	74,100
Ijarah rental receivables	5,044,731	-	-	5,044,731
Musharaka receivables - secured	330,658,906	-	-	330,658,906
Short term investments - investments at fair value through profit and loss	9,905,993	-	-	9,905,993
Advances	279,463	-	-	279,463
Prepayments and other receivables	28,311,517	-	-	28,311,517
Bank balances	59,740,384	-	-	59,740,384
(a)	<u>433,940,994</u>	<u>110,315,705</u>	<u>69,690,557</u>	<u>613,947,256</u>
Liabilities				
Long term security deposits	-	20,206,479	-	20,206,479
Deferred liability	-	104,016,275	933,325	104,949,600
Current maturity of security deposits	7,254,369	-	-	7,254,369
Payable to management company	9,672,039	-	-	9,672,039
Accrued and other liabilities	21,544,035	-	-	21,544,035
(b)	<u>38,470,443</u>	<u>124,222,754</u>	<u>933,325</u>	<u>163,626,522</u>
Net assets	(a)-(b)	<u>395,470,551</u>	<u>(13,907,049)</u>	<u>450,320,734</u>

MATURITIES OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the modaraba's assets and liabilities:

	2008			Total
	Upto one year	One year to five years	Over five years	
	Rupees			
Assets				
Fixed assets-tangible	-	88,293,265	-	88,293,265
Long term investments	-	8,282,266	47,681,336	55,963,602
Long term advances and deposits	-	74,100	-	74,100
Ijarah rental receivables	3,646,447	-	-	3,646,447
Musharaka receivables - secured	193,258,906	-	-	193,258,906
Short term investments - investments at fair value through profit and loss	15,196,743	-	-	15,196,743
Advances	364,883	-	-	364,883
Prepayments and other receivables	4,876,260	-	-	4,876,260
Bank balances	226,523,652	-	-	226,523,652
(a)	<u>443,866,891</u>	<u>96,649,631</u>	<u>47,681,336</u>	<u>588,197,858</u>
Liabilities				
Long term security deposits	-	14,850,850	-	14,850,850
Deferred liability	-	104,016,275	776,611	104,792,886
Current maturity of security deposits	4,262,935	-	-	4,262,935
Payable to management company	8,690,300	-	-	8,690,300
Accrued and other liabilities	17,447,015	-	-	17,447,015
(b)	<u>30,400,250</u>	<u>118,867,125</u>	<u>776,611</u>	<u>150,043,986</u>
Net assets	(a)-(b)	<u>413,466,642</u>	<u>(22,217,494)</u>	<u>438,153,873</u>



34. INFORMATION ABOUT BUSINESS SEGMENTS

	2009		2008					
	Musharaka	Investment	Ijarah operations	Consolidated	Musharaka	Investment	Ijarah operations	Consolidated
Rupees.....							
REVENUE	<u>26,707,420</u>	<u>428,694</u>	<u>42,511,313</u>	<u>69,647,427</u>	<u>17,534,697</u>	<u>1,729,109</u>	<u>29,041,205</u>	<u>48,305,011</u>
RESULT								
Segment result	26,707,420	428,694	42,511,313	69,647,427	17,534,697	1,729,109	29,041,205	48,305,011
Other income	-	-	-	(1,694,966)	-	-	-	21,033,984
Operating expenses	-	-	(32,442,003)	(32,442,003)	-	-	(19,950,355)	(19,950,355)
Unallocated operating expenses	-	-	-	(13,806,815)	-	-	-	(11,118,183)
Reversal Provision for non performing Assets	-	-	-	-	-	-	-	14,481,690
Modaraba company's management fee	-	-	-	(4,121,454)	-	-	-	(6,232,592)
Share of profit from associates	-	-	-	19,510,897	-	-	-	9,573,776
Profit for the year				<u>37,093,086</u>				<u>56,093,330</u>
OTHER INFORMATION								
Capital expenditure	-	-	54,098,148	54,098,148	-	-	62,018,667	62,018,667
Depreciation and amortisation	-	-	32,442,003	32,442,003	-	-	19,950,355	19,950,355
ASSETS AND LIABILITIES								
Segment assets	330,658,906	82,548,301	106,104,725	519,311,932	193,258,906	71,160,345	86,658,501	351,077,752
Unallocated assets	-	-	-	94,635,324	-	-	-	237,120,106
Consolidated total assets				<u>613,947,256</u>				<u>588,197,858</u>
Segment liabilities	-	-	27,460,848	27,460,848	-	-	19,113,785	19,113,785
Unallocated liabilities	-	-	-	136,165,674	-	-	-	130,930,201
Consolidated total liabilities				<u>163,626,522</u>				<u>150,043,986</u>

34.1 The above mentioned segments do not necessarily match with the organizational structure of the modaraba.



35. NUMBER OF EMPLOYEES	2009	2008
As at year end	<u>4</u>	<u>4</u>

36. PENALTIES

Securities and commission of pakistan imposed penalties on Modaraba Management Company, Chief Executive and Directors of the Modaraba Management Company and Chief Financial Officer of the Modaraba and found that the Modaraba company and its board of directors was negligent and did not comply with the provisions of Prudential Regulations at certain instances. The amount of penalty was required to be paid by the Modaraba Management Company, Chief Executive and Directors of the Modaraba Management Company and Chief Financial Officer of the Modaraba concerned. Consequently, these financial statements do not contain the effects of these penalties.

37. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on October 8, 2009.

38. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed dividend for the year ended June 30, 2009 of Re. 1 per certificate (2008: Re. 1.0 per certificate). amounting to Rs.26,386,589 (2008: Rs. 26,386,589) at their meeting held on October 8, 2009. The financial statements for the year ended June 30, 2009 do not include the effect of the above which will be accounted for in the period in which it is declared.

39. GENERAL

- The figures have been rounded off to the nearest rupees.
- Certain prior year's figure have been rearranged, wherever necessary for better presentation.

Chief Executive

Director

Director



PATTERN OF CERTIFICATE HOLDING
Held by the Certificate Holders as at June 30, 2009

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
759	1	100	37.854
907	101	500	242.816
594	501	1000	472.802
786	1001	5000	1,659.982
131	5001	10000	994.055
39	10001	15000	496.316
42	15001	20000	737.789
16	20001	25000	364.721
11	25001	30000	305,161
2	30001	35000	64.787
6	35001	40000	227,590
5	40001	45000	214,983
3	45001	50000	144,152
4	50001	55000	205,607
6	55001	60000	351,500
4	60001	65000	248,474
2	65001	70000	136,000
4	70001	75000	294,585
1	75001	80000	77,716
1	80001	85000	82,100
2	95001	100000	200,000
2	100001	105000	202,985
2	105001	110000	212,500
2	120001	125000	243,784
1	125001	130000	127,253
1	130001	135000	132,000
1	145001	150000	145,600
2	165001	170000	334,437
1	170001	175000	173,900
4	185001	190000	749,811
1	195001	200000	198,500
1	205001	210000	207,000
2	245001	250000	493,700
1	265001	270000	269,600
1	330001	335000	331,386
1	550001	555000	555,000
1	1105001	1110000	1,110,000
1	1150001	1155000	1,152,838
1	1710001	1715000	1,714,625
1	1765001	1770000	1,766,207
1	4200001	4205000	4,202,016
1	4500001	4505000	4,504,457
<u>3354</u>			<u>26,386,589</u>



**CATEGORIES OF CERTIFICATEHOLDERS
AS AT JUNE 30, 2009.**

Categories of Certificateholders	Certificate Held	Percentage
Directors, CEO & their Spouses & Minor Children		
Mr. Rashid Abdulla	191,121	0.72
Mrs. Shakila Rashid	264,221	1.00
	455,342	1.72
Management Company		
UDL Modaraba Management (Pvt.) Limited	4,202,016	15.92
	4,202,016	15.92
Associated Companies, Undertakings & Related Parties		
International Brands (Pvt.) Limited	5,660,473	21.46
Karachi Investment Company Limited	173,900	0.66
	5,834,373	22.12
NIT & ICP (Name Wise Detail)		
Investment Corporation of Pakistan	4,390	0.01
National Bank of Pakistan, Trustee Deptt.	1,714,725	6.50
	1,719,115	6.51
Banks, DFIS, NBFIS	1,775,398	6.73
Insurance Companies	446,386	1.69
Modaraba and Mutual Funds	1,393,751	5.28
Other Companies	484,470	1.84
General Public	10,075,738	38.19
TOTAL	26,386,589	100.00
SHAREHOLDERS MORE THAN 10.00%		
UDL MODARABA MANAGEMENT	4,202,016	15.92
INTERNATIONAL BRANDS (PVT) LTD.	5,660,473	21.45
	9,862,489	37.37

