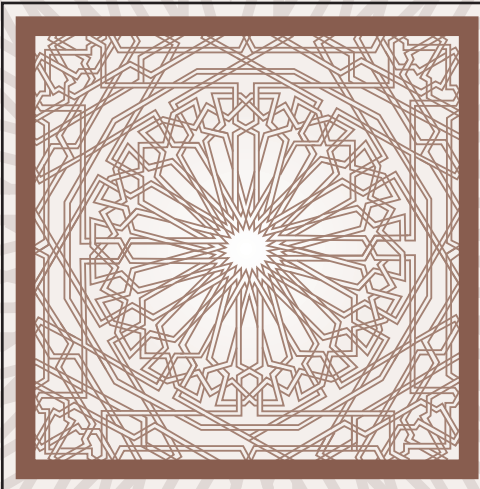


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ANNUAL REPORT 2012

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First UDL Modaraba



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Vision

To be a leading Modaraba institution providing a range of diversified and Sharia compliant products and services.

Mission

To add value for all the stake holders including investors (Modarib), management, staff and the society at large; through creative, innovative and Shariah compliant products and services aimed at eradicating Riba from the society, employing the highest standards of ethics and fair play.

Corporate Information

MODARABA MANAGEMENT COMPANY

UDL Modaraba Management (Private) Limited

Board of Directors

Rashid Abdulla Chairman (Non Executive Director)
A.W. Rahi Chief Executive Officer
Shuja Malik Executive Director
S.M. Nasir Raza Independent Director
Asad Abdulla Non Executive Director

Company Secretary & CFO

Syed Aamir Hussain

Audit Committee

S.M. Nasir Raza Chairman
Rashid Abdulla Member
Asad Abdulla Member

Human Resource & Remunation Committee

Asad Abdulla Chairman
S.M. Nasir Raza Member
Shuja Malik Member

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountant

Bankers

Habib Metropolitan Bank Limited
RBS Bank
Burj Bank Limited
Silk Bank Limited (Islamic Banking)
Dubai Islamic Bank Limited

Registrar

Share Registrar Department,
Central Depository Company of Pakistan Ltd.
CDC House Shahrah-e-Faisal, Karachi

Shariah Advisor

Mufti Abdul Qadir

Legal Advisor

Mohsin Tyebaley & Co.
2nd Floor Dine Centre, BC-4, Block-9,
Kehkashan, Clifton, Karachi-75600

Tax Advisor

Ford Rohdes Sidar Hyder & Co.
Chartered Accountants
Progressive Plaza, Beamount Road
P.O.Box 15541, Karachi-75530.

Head Office & Registered Office

C-117/1 KDA Schemen No. 1, Tipu Sultan Road,
Karachi.

Factory

E-44/45 North Western Industrial Zone, Port Qasim,
Karachi

Phone

(92-21) 34315591-5

Fax

(92-21) 34315596

E-mail

info@udlmodaraba.com

Web

www.udlmodaraba.com

Directors' Report

The Board of Directors of UDL Modaraba Management (Private) Ltd., (the management company of the Modaraba), has pleasure in presenting to the certificate holders, the Annual Report of the Modaraba together with Audited Accounts for the year ended 30th June, 2012

Year ended 30.06.12 Year ended 30.06.11

(Rupees in thousands)

Financial results are summarized as under

Net profit after tax for the year	49,518	72,959
Add: Unappropriated profit brought forward	47,573	49,274
Profit available for appropriation	<u>97,091</u>	<u>122,233</u>

Appropriations:

Statutory reserve	9,904	21,888
Profit distribution		
- Interim @5.0% (2011: 7.5%)	13,193	19,789
- Final @10.0% (2011: 10.0%)	26,386	26,386
	<u>49,483</u>	<u>68,063</u>

Unappropriated profit carried forward	<u>47,608</u>	<u>54,170</u>
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Earning per certificate	<u>1.88</u>	<u>2.77</u>
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Review of Operations:

Owing to a onetime gain of Rs. 28.557 booked on disposal of investment in an associated company, last year's profitability was higher than that of the current year. Otherwise your Modaraba's profitability, during the year under review, is regarded quite satisfactory, reflecting per certificate earning of Rs. 1.88

Ijarah activity received major thrust of the management, while other core activities i.e. Musharika financing and Investment portfolio albeit received lesser attention, as a policy decision. As a result, the Modaraba has posted impressive profitability in its Ijarah business during the year under review.

You will also appreciate that your Modaraba has kept its tradition of distributing an interim dividend. This time it was @5.0% in the month of February, and now a final dividend of 10.0%, aggregating 15.0% (or Rs. 1.50 per certificate). This is a handsome distribution of profits by your Modaraba to its certificate holders.

Furthermore, with a view to strengthening the financial base, the Modaraba continues to build its Statutory Reserves out of the profits every year, which has now accumulated to Rs. 193.329 million as compared to Rs. 183.426 million at the end of preceding year.

Based on above and in the wake of adverse economic and social conditions prevailing in the country, your Modaraba's performance is considered highly satisfactory by the management.

Future Outlook:

It is unfortunate, but a fact that our country is passing through critical times more than ever before as regards economics, social and political conditions. Worst law and order, acute power shortages, hyper inflation, increasing social unrest and ineffective political governance are only few to enumerate. Furthermore, unabated global recession and sluggish

Directors' Report

economic recovery has led to downgrading of US and Europe's country rating which is further accentuating and adding to the woes of third world countries.

The management of your Modaraba has therefore factored all the adverse conditions which may continue to prevail at least for the foreseeable future and accordingly planned to cope with the situation. It is warranted that a return on financial activities and investment in financial assets is no more attractive for a Modaraba, which constitutes a third tier banking, because of lack of leverage finance besides hyper inflation resulting in erosion in the value of rupee. The management has therefore, strategically decided to diversify the Modaraba's business, by diverting part of Modaraba's funds to run an industrial venture and scale down financial activities to that extent. It is contemplated that investment in the Pharma plant and business may also serve hedge against the falling value of rupee and protect the interests of the certificates holders, besides apparent merits of this business under aegis of the Modaraba, as delineated in the following paragraph.

Pharmaceutical business.

The management has been contemplating and looking for diversifying the Modaraba business activities to venture into trading, marketing and manufacturing besides the financial activities which currently constitute the Modaraba's core business.

Various lines of business activities have been studied by the management for diversification. Bearing in mind the economic viability, growth prospects and group's strength, the pharmaceutical business appears most suitable line to undertake.

The sponsors and directors of the Modaraba are already experienced and well versed in the pharmaceutical business. This fact further leverages the Modaraba to better prospects in the line of pharmaceutical business. The relevant plans as envisaged or determined and the progress in this regards is indicated below:

1. Business Plans-Way forward.

The pharmaceutical business under the Modaraba can be done as a division of the Modaraba or through a wholly owned subsidiary company of the Modaraba.

However, the Registrar Modaraba has declined the permission to form a wholly owned subsidiary company to the Modaraba. Therefore, to start with, the management has decided to conduct the Pharma business in the Modaraba as its division, along with other business activities. Subsequently, should the authorities allow the Modaraba to form a subsidiary company, the entire pharmaceutical business along with its related assets and liabilities can then be transferred to that company.

Accordingly it is envisaged to engage in the manufacturing, sales and marketing of the pharmaceutical products as a division in the Modaraba. In addition, this division will also import selective finished pharmaceutical products (like anti cancer) and certain cosmoceutical products, for marketing in the country. Obviously export prospects to the Asian, Central Asian and African countries will also be explored as the business gets moving along.

In this regard, necessary permission has been received from the registrar Modaraba after obtaining opinions of the Shariah Advisor and the legal Advisor, both, in terms of the prospectus of the Modaraba to engage in the manufacturing, sales and marketing of the pharmaceuticals.

2. Acquisition of a Running Plant and Resource allocation.

A running plant situated at port Qasim Industrial zone, owned by one sole proprietorship has since been acquired. The legal formality of transfer of manufacturing license and drugs in the Modaraba name is name is under process with the Ministry of Health.

Bare cost of acquisition of the running plant, additional items of plant & equipment, furniture & fixture and investment in the working capital besides incurring substantial cost on the promotional activities is estimated to entail over Rs. 250 - 300 million of the Modaraba funds.
No leveraging is envisaged.

Directors' Report

3. Profitability of the division

As to the business strategy it is proposed that the pharma business will be carried out through establishing brand name in the market place. This type of strategy has to have a longer gestation period. Accordingly, the profitability for early years may be negative or negligible but slowly and gradually improving to a rewarding level over the years.

Shariah Compliance and Audit Mechanism

Under the laws, rules and regulations governing the Modaraba and further as stipulated in the Prospectus also, all the Modarabas are supposed to carry out their business activities in conformity with the Shariah tenets. However there was no effective monitoring and reporting of this aspect.

The Registrar Modarabas, this year, has therefore issued a detailed Guideline for Shariah Compliance and Shariah Audit Mechanism for Modarabas, vide Circular No. 8. Now it is mandatory for each of the Modarabas to appoint a Shariah Advisor who will guide, advise and certify the documents pertaining to the business activities undertaken by the individual Modaraba. The Circular provides full scope and detailed mechanism.

In compliance of the Circular your Modaraba has since appointed Mufti Abdul Qadir, one prominent scholar, as a Shariah Advisor for a term of three years. This will bring about added comfort to the entire stake holders that their Modaraba is pursuing a halal business.

The Registrar Modarabas efforts, in this regard, merit appreciation.

Corporate Governance:

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

- o The financial statements prepared by the Management of the Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- o Proper books of accounts of the Modaraba have been maintained.
- o Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- o International Accounting Standards, as applicable to Modarabas, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- o The system of internal control is sound in design and has been effectively implemented and monitored.
- o There are no doubts about the Modaraba's ability to continue as a going concern.
- o There has been no material departure from the best practices and Corporate Governance as detailed in the listing regulations.
- o There has been no trading in company shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

Audit Committee:

An audit Committee of the Board has been established to be chaired by Mr. Syed Nasir Raza. The following are the members of the Committee:-

Name of Directors	Meetings attended
1) Syed Nasir Raza	4
2) Mr. Rashid Abdulla	4
3) Mr. Asad Abdulla	4
4) Syed Aamir Hussain, 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, Six meetings of the Board of Directors were held which were attended by the directors as under:-

Directors' Report

	Name of Director	Number of Meetings	Number of Meetings Attended	Leave of Absence
1)	Syed Nasir Raza	6	6	-
2)	Mr. Rashid Abdulla	6	6	-
3)	Mr. Asad Abdulla	6	6	-
4)	A.W.Rahi	6	2	*
5)	Shuja Malik	6	2	*

* Two new Directors meetings attended after the approval by Registrar Modarabas.

Operating Data for six years:

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

Pattern of Certificate holding:

The pattern of certificate holding as at June 30, 2012 is given below:-

S. No.	Categories of Certificate holders	Certificate holder	Certificate holding	Percentage %
1	Individuals	3,195	11,216,506	42.51
2	Investment Companies	1	4,390	0.02
3	Joint Stock Companies	5	892,274	3.38
4	Financial Institutions	7	1,717,791	6.51
5	Modaraba Companies	7	270,165	1.02
6	Insurance Companies	1	202,000	0.76
7	Others	4	11,983,383	45.42
8	Foreign	2	100,080	0.38
	Total	3,222	26,386,589	100.00

The detailed pattern of certificate holding as on 30/6/2012 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, 2012, have been duly complied with.

b) Statement of Compliance with the Code:

S. No.	Particulars	Clause
a)	Board of Directors clauses.	(i & ii)
b)	Casual Vacancy.	(iii)
c)	Responsibilities, Powers and Functions of Board of Directors.	(iv to vi)
d)	Meetings & Significant Issues for BoD decisions	(vii to ix)
e)	Related party transaction.	(x)
f)	Director's Training Programme	(xi)
g)	The CFO, Company Secretary & Head of Internal Audit.	(xii to xv)
h)	Corporate & Financial reporting framework.	(xvi)
i)	The Directors Remuneration.	(xvii)
j)	Frequency of financial reporting.	(xviii to xx)
k)	Responsibility for financial reporting and Corporate Compliance.	(xxi to xxiii)
l)	Committees of the Board.	(xxiv to xxvi)
m)	Audit Committee.	(xxvii to xxxii)
n)	External auditors.	(xxxiii to xxxix)
o)	Compliance with the Code of Corporate Governance..	(xl to xlii)

Corporate Social Responsibility:

Your Directors are firm believers of the Corporate Social Responsibility (CSR) and our committed to the cause of protecting the environmental and adherence to social and ethical conduct. As one of the leading Modaraba, by doing things in the right way, we can have a positive social and economic impact where we operate. We remain committed to building a sustainable business, simultaneously creating values for our certificate holders, supporting our clients and customers and contributing to the communities where we live and work.

FUDLM also supports a clean environment and motivate its customers for this cause. FUDLM also try its level best that business activities of customers must be environmental friendly and should not harmful to the society.

Staff Benefit Scheme:

The Modaraba has gratuity & provident fund scheme for staff, the value of gratuity as per actuarial valuation as at June 30, 2012 based on its audited accounts is Rs. 1.809 M.

Profit distribution:

As mentioned above, in addition to an interim distribution of 5.00% in the month of February, the Board of Directors has now approved a final distribution of 10.00%. Thus aggregating 15.00% or a profit of Rs. 1.50 per certificate of Rs.10 each for the year ended June 30, 2012.

Auditors

The present auditors M/s Avais Hyder Liaquat Nauman & Co. are due for retirement and being eligible, offered themselves for re-appointment for the year 2012-13.

Acknowledgement:

The Directors would like to take this opportunity to thank the Registrar Modarabas and other officials of 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 the members of Management and Staff for their commitment and dedication.

For and on Behalf of the Board

A. W. Rahi
Chief Executive
September 11, 2012



Six Years Financial Summary

Balance Sheet Summary

Year Ended June 30, 2012	2007	2008	2009	2010	2011	2012
EQUITY						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	263.87	263.87
Statutory Reserve	97.61	127.76	146.31	161.53	183.42	193.33
Revenue Reserve and unappropriate profit	61.78	46.52	40.15	49.27	47.37	47.49
Total Equity	423.26	438.15	450.33	475.16	494.66	504.69
LIABILITIES						
Customer Security Deposit	8.49	14.85	20.21	18.8	24.53	60.72
Other Deferred Liabilities	105.07	104.79	104.95	105.17	105.47	105.82
Current Liabilities						
Current maturity of Long term Security Deposit	2.46	4.26	7.25	7.01	9.52	10.83
Other Current Liabilities	21.39	26.14	31.22	34.15	25.74	33.87
Total Current Liabilities	23.85	30.4	38.47	41.16	35.26	44.70
Total Equity & Liabilities	560.67	588.19	613.95	640.29	659.92	715.93
ASSETS						
Assets Leased Out	49.13	86.66	107.01	93.51	141.98	283.23
Assets in own use - Tangible	1.19	1.63	0.28	2.7	7.89	7.07
Assets in own use - InTangible	-	-	-	-	-	1.50
Long Term Investment	62.56	55.96	72.64	87.19	43.12	69.48
Other Long Term Assets	0.07	0.08	0.07	0.07	0.07	0.07
Current Assets						
Musharika	192.12	193.26	330.66	327.69	157.62	140.35
Financial Assets	14.94	15.19	9.91	16.85	41	12.38
Other Current Assets	20.3	8.89	33.64	50.94	17.39	29.39
Cash & Bank Balances	220.36	226.52	59.74	61.34	250.85	172.46
Total Current Assets	447.62	443.86	433.95	456.82	466.86	354.58
Total Assets	560.67	588.19	613.95	640.29	659.92	715.93

Income Statement Highlights

Year Ended June 30, 2012	2007	2008	2009	2010	2011	2012
Lease	27.41	29.04	42.51	54.25	58.13	114.89
Musharika	17.87	17.53	26.71	44.09	47.87	18.35
Capital Gain on Investment	0.35	0.17	0.36	0.29	31.95	3.396
Dividend	1.25	0.07	0.07	0.15	1.21	0.53
Other	24.64	24.76	20.52	7.18	7.25	18.042
Total Income	71.52	71.57	90.17	105.96	146.41	155.208
EXPENSES						
Operating	9.59	11.11	14.71	15.44	19.92	25.52
Financial	0.01	-	-	-	-	0.03
Amortization, Depreciation	21.72	19.95	31.54	53.1	43.07	89.11
Provision for doubtful Receivable	(13.27)	(11.98)	-	-	-	-
Provision for Disminution in value of Investment	(2.17)	(0.26)	15.42	-	-	-
Impairment loss on investment	-	-	6.79	-	-	-
Total Expenses	15.88	18.82	68.46	68.54	62.99	114.66
Share of Profit from Associates	3.38	9.57	19.51	16.94	1.89	11.6
Unrealized gain on investments	-	-	-	2.06	(3.71)	2.87
Profit/ (Loss) before Management Fee	59.02	62.32	41.22	56.42	81.6	55.018
Less:- Management Fee	5.69	6.23	4.12	5.64	8.16	5.5018
Profit before Taxation	53.33	56.09	37.1	50.78	73.44	49.52
Less:- Taxation	-	-	-	-	0.48	-
Net Profit	53.33	56.09	37.1	50.78	72.96	49.5162
APPROPRIATIONS						
Final Dividend	26.39	26.39	26.39	32.98	46.17	39.58
Statutory Reserve	21.9	28.05	18.55	15.23	21.65	9.9
Break-up value per Certificates (Rs.)	16.04	16.60	17.07	18.00	18.75	19.12
Market Price on 30th June (Rs.)	-	4.77	3.51	5.90	7.25	7.40
Dividend per Certificate (Rs.)	1.00	1.00	1.00	1.25	1.75	1.50
Earning Per Certificate (Rs.)	2.02	2.13	1.41	1.92	2.77	1.88
Current Ratio (X)	18.77	14.60	11.28	11.12	13.30	8.04
Net Profit margin (%)	70.35	78.36	41.14	47.91	49.83	31.90
Return on Equity (%)	12.10	12.80	8.24	10.68	14.75	9.81
Return on Investment (%)	9.13	9.54	6.04	19.20	35.39	22.48
Dividend Payout (%)	51.53	47.04	71.14	64.97	63.29	79.79

Statement of Compliance with the Code of Corporate Governance

This statement is being prepared to comply with the code of corporate governance containing in listing regulations of Karachi, Lahore & 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 . The newly elected Board comprises of the following

Independent Director	Mr. Syed Nasir Raza
----------------------	---------------------

Non Executive Directors	Mr. Rashid Abdulla Mr. Asad Abdulla
-------------------------	--

Executive Directors	Mr. A.W. Rahi Mr. Shuja Malik
---------------------	----------------------------------

The independent Director meets the criteria of independence under clause 1B of the CCG.

- 2) The directors have confirmed that none of them is serving as a director in more than seven listed companies including Modaraba.
- 3) All the resident directors of the Modaraba are registered taxpayer and, none of them has defaulted in payment of any loan to a Bank, Modaraba, DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) Election of the Directors were held during the year in which Five Directors were elected for a term of three years. No casual vacancy occurred in the board during the current year.
- 5) The Company has adopted a Code of Conduct which has been disseminated throughout the Company it has been placed on the website of the Company.
- 6) The Board has developed a vision / mission statement 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, and major judgemental area if any were taken by the board. The board approves the appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive and/or Non Executive Directors.
- 8) The meetings of the Board were presided by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met atleast once in every quarter. Written notices of Board meeting, along with agenda and working papers, circulated at least seven days before the meetings. The minutes of the meeting were appropriately circulated and recorded in time.
- 9) Majority of the Director of the Board are having more than 14 years of education and more than 15 years of experience therefore they are exempted from the Directors' training program as prescribed by the Code of Corporate Governance.
- 10) The Board has approved appointment of CFO, Modaraba Secretary and head of Internal Audit, Including their remuneration, terms and conditions of employment.
- 11) The Director's report for this year has been prepared in compliance with the requirements of the CCG containing the salient matters required to be disclosed.
- 12) The financial statements of the Modaraba were endorsed by CEO and CFO and duly reviewed by the Audit Committee before approval of the Board.

- 13) The Director's, CEO and executives do not hold any interest in the Shares of the Modaraba other than that disclosed in the pattern of Shares holdings.
- 14) The Modaraba has compiled with all the corporate and financial reporting requirement of the CCG.
- 15) The Board has formed an Audit Committee comprising three Non Executives Directors.
- 16) The meetings of the Audit committee were held atleast once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for the compliance.
- 17) The Board has also constituted a Human Resource and Remuneration Committee comprising of two Non Executives and one Executive Director. The Chairman of the Committee is a Non Exectuve Director.
- 18) The Board has setup and effective internal audit function.
- 19) 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 Shares 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 (ICAP).
- 20) The statutory auditor or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations. The auditors have confirmed that they have observed IFAC guideline in this regard.
- 21) The Company determined "Closed periods" prior to the announcement of interim/final results and business decisions, which may materially affect the market price of the Modaraba Certificates, and work intimated immediately to Directors / employees and stock exchange(s).
- 22) Material and price sensitive information has been disseminated at once among all market participant through stock exchange(s).
- 23) We confirm that all other material principles enshrined in the CCG have been compiled with.

A.W. Rahi
Chief Executive Officer

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2012 prepared by the Board of Directors of First UDL Modaraba Management (Private) Limited (Modaraba Management Company), to comply with the listing regulations No. 35 of the Karachi Stock Exchange (Guarantee) Limited and chapter XI of Lahore Stock Exchange where the Modaraba is listed.

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

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

Further, Sub-Regulation (XIII) of Listing Regulation 35 notified by Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Management company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm length price recording proper justification for using such alternate price 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 materials respects, which the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2012.

Chartered Accountants
Karachi.
Dated: 11 September, 2012

Engagement Partner: Adnan Zaman

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of FIRST UDL MODARABA (the Modaraba) as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, 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, statement of comprehensive income, 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, 2012 and the profit, its cash flows, comprehensive income and changes in equity for the year then ended; and
- (d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Karachi.

Dated: 11 September, 2012

Engagement Partner: Adnan Zaman



Financial Statement



Balance Sheet

as at June 30, 2012

ASSETS	Note	2012	2011
		Rupees	
ASSETS			
Non-current assets			
Fixed assets - tangible	6	290,301,131	149,875,157
Fixed assets - intangible	7	1,500,000	-
Capital work in progress	8	-	900,000
Long term investments	9	69,474,559	42,218,300
Long term advances and deposits	10	74,100	74,100
Total non-current assets		361,349,790	193,067,557
Current assets			
Ijarah rental receivables	11	1,023,248	3,077,147
Musharaka receivables - secured	12	140,355,677	157,620,015
Financial assets	13	12,384,768	40,999,537
Advances	14	18,813,111	794,000
Prepayments and other receivables	15	9,536,603	13,521,428
Bank balances	16	172,466,408	250,848,245
Total current assets		354,579,815	466,860,372
Total assets		715,929,605	659,927,929
EQUITY AND LIABILITIES			
Certificate holders' equity			
Certificate capital	17	263,865,890	263,865,890
Statutory reserves	18	193,329,185	183,425,646
Unrealized (loss)/gain on re-measurement of available for sale investments		(114,781)	(203,058)
Unappropriated profit		47,607,761	47,573,488
Total equity		504,688,055	494,661,966
Non-current Liabilities			
Long term security deposits	19	60,728,147	24,533,218
Deferred liabilities	20	105,825,246	105,467,396
Total non-current liabilities		166,553,393	130,000,614
Current Liabilities			
Current maturity of security deposits	19	10,832,207	9,524,427
Payable to management company	21	5,384,109	4,333,917
Accrued and other liabilities	22	28,471,841	21,407,005
Total current liabilities		44,688,157	35,265,349
Total liabilities and equity		715,929,605	659,927,929

CONTINGENCIES AND COMMITMENTS

23

The annexed notes from 1 to 41 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Profit & Loss Account

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
Income from:			
- Ijarah operations	24	114,891,878	58,136,370
- Musharaka finance		18,350,986	47,866,757
- Investments	25	3,925,754	31,952,007
- Trading - Rice	26	-	1,124,727
- Other sources	27	18,039,903	7,329,394
		155,208,521	146,409,255
Expenses			
Operating	28	25,520,190	19,923,843
Depreciation on assets leased out under Ijarah	6	89,119,314	43,064,126
Financial charges	29	23,150	7,141
		114,662,654	62,995,110
Operating profit		40,545,867	83,414,145
Unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss		2,871,454	(3,710,940)
Share of profit from associates (unrealized)		11,602,341	1,899,052
		55,019,662	81,602,257
Modaraba company's management fee		(5,501,966)	(8,160,226)
Profit before tax		49,517,696	73,442,031
Provision for taxation	30	-	(482,065)
Profit after taxation		49,517,696	72,959,966
Earnings per certificate - basic and diluted	31	1.88	2.77

The annexed notes from 1 to 41 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Statement of Comprehensive Income

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
Profit after taxation		49,517,696	72,959,966
Other comprehensive income			
Unrealised gain / (loss) on re-measurement of available for sale investment		88,277	(689,672)
Other comprehensive income		<u>88,277</u>	<u>(689,672)</u>
Total comprehensive income		<u>49,605,973</u>	<u>72,270,294</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Cash Flow Statement

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		49,517,696	73,442,031
Adjustment of non cash items:			
Depreciation on own assets	6	1,813,798	1,426,127
Unrealised (gain) on re-measurement of investments at fair value through profit or loss		(2,871,454)	3,710,940
Amortization of assets leased out under Ijarah	6	89,119,314	43,064,126
Unrealised loss on long term investment		88,277	689,672
Gain on sale of investments	25	(3,018,707)	(30,742,205)
Share of profit from associates		(11,602,341)	(1,899,052)
Gain on sale of fixed assets			
- own assets	6	(373,339)	-
- assets leased out under Ijarah		381,641	(208,022)
Provision for staff gratuity		357,850	297,629
Dividend income	25	(533,708)	(1,209,802)
Financial charges	29	23,150	7,141
Operating profit before working capital changes		122,902,177	88,578,585
Changes in working capital:			
Decrease /(increase) in current assets			
Stock-in-trade		-	10,277,223
Ijarah rental receivables		2,053,899	1,794,052
Musharaka receivables		17,264,338	170,066,393
Advances		(18,019,111)	4,660,459
Prepayments & other receivables		3,984,825	16,806,644
		5,283,951	203,604,771
Increase / (Decrease) in current liabilities			
Management fee payable		1,050,192	(9,397,196)
Accrued and other liabilities		7,064,836	984,821
		8,115,028	(8,412,375)
Financial charges paid		(23,150)	(7,141)
Net cash generated from operating activities		136,278,006	283,763,840

Chief Executive

Director

Director

Cash Flow Statement

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets			
- own assets		(2,570,182)	(6,614,446)
- intangible asset		(1,500,000)	-
- Capital work in progress		-	(900,000)
- assets leased out under Ijarah		(243,578,739)	(100,686,500)
Financial assets		(24,190,718)	(20,436,392)
Proceeds from sale of investments		43,941,729	68,335,462
Proceeds from sale of fixed assets			
- own assets		1,950,000	-
- assets leased out under Ijarah		12,831,533	9,362,024
Dividends received		533,708	1,209,802
Net cash used in investing activities		(212,582,669)	(49,730,050)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(39,579,884)	(52,773,178)
Long-term security deposits		37,502,709	8,249,972
Net cash used in financing activities		(2,077,175)	(44,523,206)
Net (decrease) / increase in cash and cash equivalents		(78,381,838)	189,510,584
Cash and cash equivalents at the beginning of the year		250,848,245	61,337,661
Cash and cash equivalents at the end of the year	32	172,466,408	250,848,245

The annexed notes from 1 to 41 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Statement of Changes in Equity

for the year ended June 30, 2012

	Certificate Capital	*Statutory reserve	Unrealized gain /(loss) on re-measurement of available for sale investment	Unappropriated profit	Total certificate holders' equity
	Rupees				
Balance as at July 01, 2010	263,865,890	161,537,656	486,614	49,274,690	475,164,850
Total comprehensive income for the year ended June 30, 2011	-	-	(689,672)	72,959,966	72,270,294
Profit distribution in cash for the year ended June 30, 2010	-	-	-	(32,983,236)	(32,983,236)
Interim Profit distribution in cash for the period ended Dec 31, 2010	-	-	-	(19,789,942)	(19,789,942)
Transfer to statutory reserve	-	21,887,990	-	(21,887,990)	-
Balance as at June 30, 2011	263,865,890	183,425,646	(203,058)	47,573,488	494,661,966
Other comprehensive income for the year ended June 30, 2012	-	-	88,277	49,517,696	49,605,973
Profit distribution in cash for the year ended June 30, 2011	-	-	-	(26,386,589)	(26,386,589)
Interim Profit distribution in cash for the period ended Dec 31, 2011	-	-	-	(13,193,295)	(13,193,295)
Transfer to statutory reserve	-	9,903,539	-	(9,903,539)	-
Balance as at June 30, 2012	263,865,890	193,329,185	(114,781)	47,607,761	504,688,055

* In accordance with the Prudential Regulations for modarabas, the Modarabas 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 its required to be transferred to statutory reserve.

The annexed notes from 1 to 41 form an integral part of these financial statements.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Notes to the Financial Statements

for the year ended June 30, 2012

1 LEGAL STATUS AND NATURE OF THE BUSINESS

First UDL Modaraba (the 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. The Modaraba is listed on Karachi, Islamabad and Lahore Stock Exchanges.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws). Approved accounting standards comprise such International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of relevant laws or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the relevant laws and the said directives take precedence.

2.1.1 The SECP has issued directive (vide SRO 431 (I) / 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statement by Companies and Modarabas while accounting for Ijarah (Lease) transactions as defined by said Standard. The Modaraba has adopted the above said Standard.

2.2 Standards and interpretations that became effective but not relevant to the Company or do not have material effect

The following standards and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

Improvements/ amendments to IFRS and interpretation (May 2010)

IFRS 1 – First time Adoption of International Financial Reporting Standards

IFRS 7 – Financial Instruments: Disclosures

IAS 1 – Presentation of Financial Statements (Amendment)

IAS 34 – Interim Financial Reporting

IFRIC 13 – Customer Loyalty Programmes

Improvements/ amendments to IFRS and interpretation (Others)

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 – Related Party Disclosures (Revised)

IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)

2.3 Standards and Interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Revision / Improvements / amendments to IFRSs and interpretations

Effective for periods
beginning on or after

IFRS 7 – Financial Instruments: Disclosures (Amendment)

January 01, 2013 &

January 01, 2015

IAS 1 – Presentation of Financial Statements (Amendment)

July 01, 2012 &

January 01, 2013

Notes to the Financial Statements

for the year ended June 30, 2012

IAS 12 – Income Taxes (Amendment)	January 1, 2012
IAS 19 - Employee Benefits (Revised)	January 1, 2013
IAS 27 - Separate Financial Statements	January 1, 2013
IAS 28 - Investments in Associates and Joint Ventures	January 1, 2013
IAS 32 - Financial Instruments: Presentation (Amendment)	January 1, 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Annual Improvements to IFRS (the 2009 – 2011 cycle)	January 1, 2013

Standards issued by IASB but not yet notified by SECP

IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10 – Consolidated Financial Statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013

3 BASIS OF PREPARATION

- 3.1 These financial statements comprise balance sheet, profit and loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes and 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 recognized at fair value and staff benefit have been recognized 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 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 recognized 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
Useful lives of depreciable assets	5.1
Useful lives of intangible assets	5.2
Provision for income taxes	5.8
Staff retirement benefits - gratuity	5.9
Provision against ljarah and Musharaka receivables	5.6
Impairment of assets	5.18

5 Fixed assets - tangible

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.

Notes to the Financial Statements

for the year ended June 30, 2012

5.1 Fixed assets - tangible

5.1.1 Assets in own use and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 6.

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

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

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.

5.1.2 Assets leased out under Ijarah and depreciation

Ijarah (lease) assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions of disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

5.2 Fixed assets - intangible

Intangible assets acquired are capitalized at cost and stated at cost less amortization. The rate of amortization is 20% applying straight line method.

5.3 Investment in associates

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

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 recognize further losses, unless it has incurred obligations or made payments on behalf of associate.

5.4 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 Modaraba 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.

Notes to the Financial Statements

for the year ended June 30, 2012

Subsequent measurement

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

5.4.1 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 other comprehensive income.

Derecognition of financial assets

All investments are de-recognized 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.

Notes to the Financial Statements

for the year ended June 30, 2012

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 recognized.

5.4.2 Financial liabilities

The Modaraba's financial liabilities include:

long term security deposits
Accrued profit on IFC income notes
Accrued and other liabilities

Off-setting of financial assets and liabilities

A financial asset and financial liability is off-set 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.

5.5 Stock-in-trade

Stock is valued principally at the lower of cost determined on the first in first out basis and net realizable value. Cost of raw materials and trading stock comprises the invoice values and other charges paid thereon. Cost of work in process and finished goods include prime cost and appropriate portion of manufacturing overheads. Items in transit are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and costs necessarily to be incurred to make the sales.

5.6 Musharaka and Ijarah finance

Musharaka and Ijarah finance are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, these are stated at net of provision and suspense income. Provision is made in accordance with the prudential regulations for Modarabas issued by SECP and is charged to profit and loss account currently.

5.7 Revenue recognition

Revenue from sale of goods is recognized on dispatch of goods to customers.

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.

Notes to the Financial Statements

for the year ended June 30, 2012

Profit on term finance certificates TFCs are accrued when due. Unrealized term finance certificates' 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).

5.8 Taxation

5.8.1 Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has decided to continue availing tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

5.8.2 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 utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption.

5.9 Staff retirement benefits - Gratuity

The Modaraba operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Modaraba. 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 recognized in accordance with actuary report. Latest actuarial valuation was conducted as at June 30, 2012.

5.10 Borrowings and their costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5.11 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.

5.12 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.

5.13 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.

Notes to the Financial Statements

for the year ended June 30, 2012

5.14 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.

5.15 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.

5.16 Transactions with related parties

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

5.17 Profit distribution to certificates holders

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

5.18 Impairment of non financial assets

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 amount, 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 an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.19 Segment reporting

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into 'Musharaka', 'Ijarah', 'Investment' and 'Trading' segments.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

5.20 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 it's certificate holders' 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.

Notes to the Financial Statements

for the year ended June 30, 2012

6 FIXED ASSETS - tangible	Cost				Depreciation		Depreciation rate per annum %
	As at July 1, 2011	Additions / (Deletions)	As at June 30, 2012	As at July 1, 2011	Charge for the year	As at June 30, 2012	
	Rupees						
Assets own use							
Furniture and fittings	4,301,990	33,450	4,335,440	2,589,525	178,872	2,768,397	10
Vehicles	8,732,200	2,448,732 (2,200,000)	8,980,932	3,078,567	1,434,348 (623,339)	3,889,576	20
Computer equipment	2,476,087	60,500	2,536,587	2,062,277	174,466	2,236,743	20
Office equipment and appliances	820,897	27,500	848,397	708,126	26,112	734,238	20
Sub total	16,331,174	2,570,182 (2,200,000)	16,701,356	8,438,495	1,813,798 (623,339)	9,628,954	7,072,402
Assets leased out under Ijarah							
Machinery and equipments	98,457,563	78,489,539 (15,852,898)	161,094,204	35,140,778	31,877,506 (14,267,608)	52,750,676	108,343,528
Vehicles	142,305,410	165,089,200 (40,324,500)	267,070,110	63,639,717	57,241,808 (28,696,616)	92,184,909	174,885,201
Sub total	240,762,973	243,578,739 (56,177,398)	428,164,314	98,780,495	89,119,314 (42,964,224)	144,935,585	283,228,729
Total	257,094,147	246,148,921 (58,377,398)	444,865,670	107,218,990	90,933,112 (43,587,563)	154,564,539	290,301,131

Notes to the Financial Statements

for the year ended June 30, 2012

FIXED ASSETS - tangible

	Cost		Depreciation		Depreciation rate per annum %
	As at July 1, 2010	As at June 30, 2011	As at July 1, 2010	As at June 30, 2011	
	Rupees				
Assets own use					
Furniture and fittings	2,538,644	4,301,990	2,495,706	93,819	1,712,465
Vehicles	4,442,000	8,732,200	1,829,262	1,249,305	5,653,633
Computer equipment	2,038,687	437,400	1,990,037	72,240	413,810
Office equipment and appliances	697,397	123,500	697,363	10,763	112,771
Sub total	9,716,728	6,614,446	16,331,174	7,012,368	8,438,495
Assets leased out under ijarah				1,426,127	7,892,679
Machinery and equipments	59,852,563	46,600,000	98,457,563	30,793,069	10,844,209
		(7,995,000)			(6,496,500)
Vehicles	110,623,610	54,086,500	142,305,410	46,168,998	32,219,917
		(22,404,700)			(14,749,198)
Sub total	170,476,173	100,686,500	240,762,973	76,962,067	43,064,126
		(30,399,700)			(21,245,698)
Total	180,192,901	107,300,946	257,094,147	83,974,435	44,490,253
		(30,399,700)			(21,245,698)
					107,218,990
					141,982,478
					149,875,157

Notes to the Financial Statements

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
7 FIXED ASSETS-INTANGIBLE			
IT Software		1,500,000	-
7.1 Amortization will be charged on straight line basis over the next five years starting from July 01, 2012 due to its recognition as at June 30, 2012			
8 CAPITAL WORK IN PROGRESS			
Balance as at July 01		900,000	-
Addition for the year		600,000	900,000
Deletion - Transfer to fixed assets intangible	8.1	(1,500,000)	-
Closing balance		-	900,000
8.1 IT Software recognised as and transferred to intangible asset as at June 30, 2012			
9 LONG TERM INVESTMENTS			
Associated companies	9.1	54,050,538	39,493,918
Available for sale			
Listed companies	9.2	15,424,021	2,724,382
		69,474,559	42,218,300
Held to maturity			
Term finance certificates (TFCs) Series 'B'	9.3	-	927,107
Provision for non-performing assets		-	(927,107)
		-	-
		69,474,559	42,218,300

9.1 Associated companies

	2012	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
		Rupees				
Opening balance	21,183,138	6,548,585	257,611	11,504,584	39,493,918	
Transfer from investment at fair value through profit and loss during the year	8,580,459	7,012,988	2,501,376	4,915,156	23,009,979	
Sold during the year	-	(6,548,585)	(257,611)	(11,504,584)	(18,310,780)	
Share of profit or loss of associates	9,365,430	548,795	639,832	1,048,284	11,602,341	
Dividend income	(1,144,920)	-	-	(600,000)	(1,744,920)	
	37,984,107	7,561,783	3,141,208	5,363,440	54,050,538	
	2011	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
		Rupees				
Opening balance	63,169,071	9,646,525	444,226	10,522,578	83,782,400	
Sold during the year	(41,476,460)	-	-	-	(41,476,460)	
Share of profit or loss of associates	4,201,601	(3,097,940)	(186,615)	982,006	1,899,052	
Dividend income	(4,711,074)	-	-	-	(4,711,074)	
	21,183,138	6,548,585	257,611	11,504,584	39,493,918	

Notes to the Financial Statements

for the year ended June 30, 2012

9.1.1 Basis of significant influence

Name of Associates
Searle Pakistan Limited
United Distributors Pakistan Limited
United Brands Limited
IBL Healthcare Limited

Basis of significant influence
Common directorship
Common directorship
Common directorship
Common directorship

9.1.2 Summarized financial statements of associates are as follows:

2012	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited
	Rupees			
Share capital - ordinary shares of Rs. 10 each	336,894,610	91,839,000	12,000,000	200,000,000
Total assets	3,453,021,000	607,023,000	206,100,237	456,272,000
Total liabilities	1,466,227,000	513,170,000	239,055,788	147,119,000
Net assets	1,986,794,000	93,853,000	(32,955,551)	309,153,000
Revenue	3,385,652,000	366,068,000	949,715,365	534,714,000
Profit / (loss) for the year - after tax	215,626,000	20,464,000	12,513,006	65,518,000
Number of shares held	839,608	211,500	69,060	240,000
Ownership interest	2.50%	2.30%	5.76%	1.20%
Fair value per share as at June 30, 2012	47.59	9.38	31.80	21.15
Fair value of shares as at June 30, 2012	39,956,945	1,983,870	2,196,108	5,076,000

Financial results are based on latest the information available as on June 30, 2012 June 30, 2012 June 30, 2012 June 30, 2012

2011	Searle Pakistan Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited
	Rupees			
Share capital - ordinary shares of Rs. 10 each	306,267,830	91,839,000	12,000,000	200,000,000
Total assets	3,330,854,000	719,634,000	232,018,984	457,285,000
Total liabilities	1,646,091,000	588,600,000	283,690,867	172,515,000
Net assets	1,684,763,000	131,034,000	(51,671,883)	284,770,000
Revenue	3,034,862,000	905,416,000	759,613,699	467,274,000
Profit / (loss) for the year - after tax	235,614,000	(38,982,000)	(40,716,105)	36,652,000
Number of shares held	546,154	729,862	5,500	535,854
Ownership interest	1.80%	7.95%	0.46%	2.68%
Fair value per share as at June 30, 2011	54.35	13.61	27.55	9.50
Fair value of shares as at June 30, 2011	29,683,470	9,933,422	151,525	5,090,613
Financial results are based on latest the information available as on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011

Notes to the Financial Statements

for the year ended June 30, 2012

9.2 Listed companies

	2012 Number of shares	2011 Number of shares	2012 Rupees	2011
Food and Personal Care Products Gillette Pakistan Limited	192,285	1,000	12,012,044	57,120
Chemicals Nimir Industrial Chemicals Limited	150,000	204,022	516,000	571,261
Leasing Company Security Leasing Corporation Limited	858,935	858,935	1,717,870	1,717,870
Textile Composite International Knitwear	168,301	72,025	1,178,107	378,131
			<u>15,424,021</u>	<u>2,724,382</u>

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

- 9.3 These 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.

10 LONG TERM ADVANCES AND DEPOSITS	2012	2011
	Rupees	
Advances	-	105,000
Provision for non-performing assets	-	(105,000)
	-	-
Deposits	74,100	74,100
	<u>74,100</u>	<u>74,100</u>
11 IJARAH RENTAL RECEIVABLES		
Ijarah rental receivables	9,490,053	15,365,541
Income suspended	(8,466,805)	(12,288,394)
	<u>1,023,248</u>	<u>3,077,147</u>
Ijarah future rental receivables		
Not later than one year	125,665,399	68,883,317
Later than one year but not later than five years	160,324,410	39,635,471
	<u>285,989,809</u>	<u>108,518,788</u>

Notes to the Financial Statements

for the year ended June 30, 2012

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

All the Ijarah rental receivables 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.

	2012	2011
	Rupees	
12 MUSHARAKA RECEIVABLES - secured		
Musharaka receivables	<u>140,355,677</u>	<u>157,620,015</u>

- 12.1 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 11.25% to 20% (2011: 11.25% to 20%).

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

13 FINANCIAL ASSETS - INVESTMENT
- at fair value through profit or loss

	Note	2012	2011
		Rupees	
Associated companies	13.1	-	18,367,122
Listed companies	13.2	<u>12,384,768</u>	<u>22,632,415</u>
		<u>12,384,768</u>	<u>40,999,537</u>

13.1 Associated Companies	2012 Number of shares	2011 Number of shares	2012	2011
			Rupees	
Personal Goods				
United Brands Limited	-	69,060	-	1,897,768
Pharma & Bio Tech				
IBL Healthcare Limited	-	240,000	-	2,280,000
Searle Pakistan Limited	-	217,126	-	11,800,799
Chemicals				
United Distributors Pakistan Limited	-	175,500	-	<u>2,388,555</u>
			-	<u>18,367,122</u>

Notes to the Financial Statements

for the year ended June 30, 2012

	2012 Number of shares	2011 Number of shares	2012 (Market Value)	2011 (Market Value)
	Rupees			
13.2 Listed companies				
Leasing Company				
Al-Zamin Investment Bank Limited	321	321	642	642
Oil & Gas				
Pakistan Petroleum Limited	5,000	-	941,450	-
Textile Composite				
International Knitwear Limited	-	96,276	-	505,449
Real Estate Investment & Services				
Pace (Pakistan) Limited	200,000	305,000	408,000	664,900
Textile Spinning				
Hajra Textile Limited	-	15,000	-	9,450
Saif Textile Mills Limited	-	31,567	-	222,863
Automobile & Parts				
Honda Atlas Cars Limited	-	4,000	-	40,200
Electricity				
Southern Electric Power Company Limited	-	100,000	-	131,000
Nishat Power Limited	213,566	213,566	3,139,420	3,297,459
Food and Personal Care Products				
Nestle Pakistan Limited	-	-	-	-
Gillette Pakistan Limited	-	178,989	-	10,223,852
Financial Services				
First Fidelity Leasing	20,630	-	53,638	-
Modaraba				
Unicap Modaraba	36,500	36,500	4,745	4,745
Chemical				
Arif Habib Corporation Limited	110,000	215,000	3,402,300	5,654,500
Aisha Steel Mills Limited	11,000	-	-	-
Lotte Pakistan PTA Limited	200,000	-	1,406,000	-
Construction and Material				
Dewan Cement Limited	-	5,000	-	8,450
Maple leaf Cement Company	200,000	-	926,000	-
Attock Cement Company	20,000	-	1,628,800	-
Lafarge Pakistan Cement Limited	-	200,000	-	540,000
Industrial Metals & Mining				
Dost Steels Limited	-	1,500	-	3,075
Crescent Steel & Allied Products Limited	2,750	2,750	63,773	71,830
Support Services				
TRG Pakistan Limited	-	100,000	-	256,000
Fixed Line Telecommunication				
Telecard Limited	-	100,000	-	154,000
WorldCall Telecom Limited	200,000	400,000	410,000	844,000
			<u>12,384,768</u>	<u>22,632,415</u>

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

Notes to the Financial Statements

for the year ended June 30, 2012

	2012	2011
	Rupees	
14 ADVANCES		
- To staff - considered good	448,611	794,000
- Advance against purchases	18,364,500	-
	<u>18,813,111</u>	<u>794,000</u>

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

	2012	2011
	Rupees	
15 PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	809,599	477,628
Profit due on:		
Musharaka receivable	8,371,823	12,360,886
Receivable on certificate of investments (COIs)	-	458,735
Provision against profit on certificate of investments (COIs)	-	(458,735)
	-	-
Receivable against terminated leases	-	604,284
Provision for non-performing assets	-	(604,284)
	-	-
Others	355,181	682,914
	<u>9,536,603</u>	<u>13,521,428</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.

	Note	2012	2011
		Rupees	
16 BANK BALANCES			
Current accounts		2,481,570	892,078
PLS accounts	16.1	<u>169,984,838</u>	<u>249,956,168</u>
		<u>172,466,408</u>	<u>250,848,245</u>

16.1 These account carry profit rate ranging from 9 % to 11 % (2011: 7 % to 11 %)

17 CERTIFICATE CAPITAL

	2012 Numbers of certificates	2011 Numbers of certificates		2012	2011
				Rupees	
	<u>50,000,000</u>	<u>50,000,000</u>	Authorised certificate capital Modaraba certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>
			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	176,688,850
	8,717,704	8,717,704	Modaraba certificates issued as fully paid-up bonus certificates	87,177,040	87,177,040
	<u>26,386,589</u>	<u>26,386,589</u>		<u>263,865,890</u>	<u>263,865,890</u>

Notes to the Financial Statements

for the year ended June 30, 2012

	2012	2011
	Rupees	
18 STATUTORY RESERVE		
Balance at the beginning of the year	183,425,646	161,537,656
Transferred from profit and loss account	9,903,539	21,887,990
	<u>193,329,185</u>	<u>183,425,646</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.

	Note	2012	2011
		Rupees	
19 LONG TERM SECURITY DEPOSITS			
Long term security deposits		71,560,354	34,057,645
Less: current maturity		10,832,207	9,524,427
		<u>60,728,147</u>	<u>24,533,218</u>

20 DEFERRED LIABILITIES

Staff gratuity	20.1	1,808,967	1,451,117
Accrued profit on IFC income notes	20.2	104,016,279	104,016,279
		<u>105,825,246</u>	<u>105,467,396</u>

20.1 Employees benefits - staff gratuity

Movement in liability recognised in the balance sheet			
Balance sheet liability as at June 30,		1,451,117	1,153,488
Expense recognised during the year		357,850	297,629
Balance sheet liability as at June 30,		<u>1,808,967</u>	<u>1,451,117</u>

Charge to profit & loss account for the year

Current service cost		118,557	103,976
Interest cost		234,290	193,653
Actuarial cost		5,003	-
Total amount chargeable to profit and loss account		<u>357,850</u>	<u>297,629</u>

Balance sheet liability as at the year end

Present value of defined benefit obligation		2,175,577	1,673,497
Net actuarial (loss) not recognized		(366,610)	(222,380)
		<u>1,808,967</u>	<u>1,451,117</u>

Key actuarial assumptions:

Valuation discount rate	12.50%	14.00%
Salary increase rate	11.50%	13.00%

Notes to the Financial Statements

for the year ended June 30, 2012

- 20.2 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 IFCs 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 IFCs local currency guarantee is received from the IFC.

21 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 (Floatation 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.

22 ACCRUED AND OTHER LIABILITIES	2012	2011
	Rupees	
Accrued expenses	2,046,338	4,749,960
Other liabilities		
- Provision for taxation	4,675,760	4,764,649
- Unclaimed profit distributions	10,045,113	8,636,511
- Worker's Welfare Fund - provision	3,449,745	2,461,368
- Others	8,254,885	794,517
	28,471,841	21,407,005

23 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at June 30, 2012 (June 30, 2011: Nil).

Commitments

First UDL Modaraba is in process of forming a separate Pharmaceutical Division within the Modaraba business with the permission of the Registrar Modaraba. The Modaraba has entered into the agreement with M/s Allied Medical Supplies on June 18, 2012 for the acquisition of Pharma business, which consists of purchase of assets (land, factory building, plant, machinery and equipments). Total purchase consideration agreed is PKR 150,000,000, out of which PKR 15,000,000 paid as advance during the current accounting year, PKR 115,000,000 paid subsequent to June 30, 2012 and remaining PKR 20,000,000 will be paid within three months from the date of completion of formalities.(June 30, 2011: Nil).

24 INCOME FROM IJARAH OPERATIONS	2012	2011
	Rupees	
Ijarah rentals	114,957,735	57,662,345
Documentation fee	315,784	94,950
Arrangement fee	-	171,053
(Loss) / Gain on disposal of Ijarah assets	(381,641)	208,022
	114,891,878	58,136,370

Notes to the Financial Statements

for the year ended June 30, 2012

	Note	2012	2011
		Rupees	
25 INCOME FROM INVESTMENTS			
Dividend income		533,708	1,209,802
Gain on sale of securities		3,018,707	30,742,205
Gain on disposal of fixed assets		373,339	-
		<u>3,925,754</u>	<u>31,952,007</u>
26 TRADING - RICE			
Revenue		-	11,401,950
Less: Cost of goods sold		-	(10,277,223)
Gain from sale of rice		-	<u>1,124,727</u>
27 INCOME FROM OTHER SOURCES			
Profit on deposits with banks		18,036,700	7,329,394
Miscellaneous		3,203	-
		<u>18,039,903</u>	<u>7,329,394</u>
28 OPERATING EXPENSES			
Salaries and other staff benefits	28.1	14,622,552	6,088,381
Traveling and conveyance		1,772,485	737,771
Vehicles running and maintenance		420,000	375,048
Communication		380,201	209,499
Printing and stationery		523,603	259,368
Rent, rates and taxes		313,470	1,200,755
Repair and maintenance		397,355	134,751
Legal and professional charges		438,225	453,308
Share custody charges		26,600	45,000
Insurance		190,529	108,357
Entertainment		13,124	52,324
Consultancy fee		1,872,000	6,053,333
Fee and subscription		679,265	508,770
Auditors' remuneration	28.2	306,500	306,500
Advertisement		244,798	131,168
Depreciation	6	1,813,798	1,426,127
Provision for gratuity		357,850	297,629
Other expenses		1,147,835	1,535,754
		<u>25,520,190</u>	<u>19,923,843</u>

28.1 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:

Notes to the Financial Statements

for the year ended June 30, 2012

	2012			2011		
	Officers	Employees	Total	Officers	Employees	Total
	Rupees					
Salaries & allowances	11,321,868	1,408,466	12,730,334	4,495,000	845,677	5,340,677
Retirement benefits	215,185	65,339	280,524	171,160	37,260	208,420
Bonus	898,065	44,387	942,452	325,840	26,452	352,292
Medical expenses	637,975	31,267	669,242	174,261	12,731	186,992
	<u>13,073,093</u>	<u>1,549,459</u>	<u>14,622,552</u>	<u>5,166,261</u>	<u>922,120</u>	<u>6,088,381</u>
Number of persons	5	5	10	4	5	9

Certain executives and officers are also provided with free use of vehicles maintained by the Modaraba and petrol/CNG allowance.

	2012	2011
	Rupees	
28.2 Auditors' remuneration		
Audit fee	240,000	240,000
Half yearly review fee	25,000	25,000
Certification fee	15,000	15,000
Out-of-pocket expenses	26,500	26,500
	<u>306,500</u>	<u>306,500</u>
29 FINANCIAL CHARGES		
Bank charges	<u>23,150</u>	<u>7,141</u>
30 TAXATION	<u>-</u>	<u>482,065</u>

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.

	2012	2011
	Rupees	
31 EARNINGS PER CERTIFICATE - basic and diluted		
Profit for the year	<u>49,517,696</u>	<u>72,959,966</u>
	Number of certificates	Number of certificates
Weighted average number of ordinary certificates outstanding during the year	<u>26,386,589</u>	<u>26,386,589</u>
Earnings per certificate - basic	<u>1.88</u>	<u>2.77</u>

There is no dilution effect on the basic earnings per certificate of the Modaraba as the Modaraba has no such commitments.

	2012	2011
	Rupees	
32 CASH AND CASH EQUIVALENTS		
Bank balances	<u>172,466,408</u>	<u>250,848,245</u>

Notes to the Financial Statements

for the year ended June 30, 2012

33 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	2012	2011
		Rupees	
Management fee	Management company	5,501,966	8,160,226
Consultancy fee	Key management personnel	-	5,608,333
Dividend received	Associates	1,744,920	4,711,074
Dividend paid to Management Company	Management company	39,579,884	9,031,755
Payment made to Management Company	Management company	-	17,557,422
Balance as at the year end			
Payable to Modaraba Management Company		5,384,109	4,333,917
Advance to consultant	Key management personnel	-	200,000
Deferred liability - Gratuity payable		1,808,967	1,451,117

34 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

34.1 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.

Concentration of credit risk on Ijarah and musharaka are indicated in the following table by the percentage of the total balance receivable from these parties in the specified industries/sectors.

	2012		2011	
	Rupees	%	Rupees	%
Modaraba	48,462,142	11.23%	12,933,640	4.64%
Cargo, Trading & distribution	37,273,792	8.63%	20,019,105	7.19%
Investment companies, firms & bank	21,146,059	4.90%	51,655,063	18.55%
Textile, Chemical & Pharmaceuticals	92,706,331	21.47%	7,219,245	2.59%
Food & Beverages	36,780,764	8.52%	18,740,183	6.73%
Individual	67,042,245	15.53%	61,157,058	21.96%
Miscellaneous	128,315,519	29.72%	106,775,395	38.34%
	431,726,852	100.00%	278,499,689	100.00%

Notes to the Financial Statements

for the year ended June 30, 2012

The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	Note	2012	2011
		Rupees	
Long term investments	9.2	15,424,021	2,724,382
Long term advances and deposits	10	74,100	74,100
Ijarah rental receivables	11	1,023,248	3,077,147
Musharaka receivables - secured	12	140,355,677	157,620,015
Financial assets	13	12,384,768	40,999,537
Other receivables	15	355,181	682,914
Profit due on musharika receivables	15	8,371,823	12,360,886
Bank balances	16	172,466,408	250,848,245
		<u>350,455,227</u>	<u>468,387,226</u>

34.2 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall 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.

	2012			
	Upto one year	One year to five years	Over five years	Total
	Rupees			
Financial assets				
Long term investments	-	15,424,021	-	15,424,021
Long term advances and deposits	-	-	74,100	74,100
Ijarah rental receivables	1,023,248	-	-	1,023,248
Musharaka receivables	140,355,677	-	-	140,355,677
Financial assets	12,384,768	-	-	12,384,768
Other receivables	355,181	-	-	355,181
Profit due on musharaka receivables	8,371,823	-	-	8,371,823
Bank balances	172,466,408	-	-	172,466,408
(a)	<u>334,957,106</u>	<u>15,424,021</u>	<u>74,100</u>	<u>350,455,227</u>
Financial liabilities				
Long term security deposits	10,832,207	60,728,147	-	71,560,354
Deferred liabilities	-	105,825,246	-	105,825,246
Payable to management company	5,384,109	-	-	5,384,109
Accrued and other liabilities	28,471,841	-	-	28,471,841
(b)	<u>44,688,157</u>	<u>166,553,393</u>	<u>-</u>	<u>211,241,550</u>
On-balance sheet gap	(a) - (b)	<u>290,268,948</u>	<u>(151,129,372)</u>	<u>139,213,676</u>

Notes to the Financial Statements

for the year ended June 30, 2012

	2011			Total
	Upto one year	One year to five years	Over five years	
	Rupees			
Financial assets				
Long term investments	-	2,724,382	-	2,724,382
Long term advances and deposits	-	-	74,100	74,100
Ijarah rental receivables	3,077,147	-	-	3,077,147
Musharaka receivables	157,620,015	-	-	157,620,015
Financial assets	40,999,537	-	-	40,999,537
Other receivables	682,914	-	-	682,914
Profit due on musharika receivables	12,360,886	-	-	12,360,886
Bank balances	250,848,245	-	-	250,848,245
(a)	<u>465,588,744</u>	<u>2,724,382</u>	<u>74,100</u>	<u>468,387,226</u>
Financial liabilities				
Long term security deposits	9,524,427	24,533,218	-	34,057,645
Deferred liabilities	-	105,467,396	-	105,467,396
Payable to management company	4,333,917	-	-	4,333,917
Accrued and other liabilities	21,407,005	-	-	21,407,005
(b)	<u>35,265,349</u>	<u>130,000,614</u>	<u>-</u>	<u>165,265,963</u>
On-balance sheet gap	(a) - (b)	<u>430,323,395</u>	<u>(127,276,232)</u>	<u>303,121,263</u>

Mitigating/Managing the risk

Modarabas policies is to invest the majority of its assets in investment that are traded in active market & can be readily disposed off. Only a limited proportion of its investment are not actively traded.

34.3 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 Modaraba is exposed to currency risk and interest rate risk only.

34.4 Cash flow sensitivity analysis

The Modaraba does not hold any financial asset or liability carrying variable interest rate, therefore, Modaraba is not exposed to cash flow sensitivity.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The Modaraba 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.

Notes to the Financial Statements

for the year ended June 30, 2012

	2012	2011
	Rupees	
35.1 Financial instruments by category		
Loans and receivables		
Long term advances and deposits	74,100	74,100
Ijarah rental receivables	1,023,248	3,077,147
Musharaka receivables	140,355,677	157,620,015
Advances	18,813,111	794,000
Other receivables	355,181	682,914
Profit due on musharaka receivables	8,371,823	12,360,886
Bank balances	172,466,408	250,848,245
Financial assets at fair value through profit or loss		
Short term investments - investments at fair value through profit or loss	12,384,768	40,999,537
Available-for-sale financial assets		
Long term investments	15,424,021	2,724,382
	(a) <u>369,268,338</u>	<u>469,181,226</u>
Financial liabilities		
Financial liabilities at amortised cost		
Long term security deposits	71,560,354	34,057,645
Accrued profit on IFC income notes	104,016,275	104,016,275
Payable to management company	5,384,109	4,333,917
Accrued and other liabilities	28,471,841	21,407,005
	(b) <u>209,432,579</u>	<u>163,814,842</u>
	(a) - (b) <u>159,835,758</u>	<u>305,366,384</u>

35.2 Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Notes to the Financial Statements

for the year ended June 30, 2012

36 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:

2012	Effective yield / Profit risk %	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
		Within one year	After one year	Sub total	Within one year	After one year	Sub total	
Financial assets								
Long term investments	-	-	15,424,021	15,424,021	-	-	-	15,424,021
Long term advances and deposits	-	-	-	-	-	74,100	74,100	74,100
Ijarah rental receivables	17% to 19%	1,023,248	-	1,023,248	-	-	-	1,023,248
Musharaka receivables - secured	11.25% to 20%	140,355,677	-	140,355,677	-	-	-	140,355,677
Financial assets		12,384,768	-	12,384,768	-	-	-	12,384,768
Advances	-	-	-	-	18,813,111	-	18,813,111	18,813,111
Profit due on Musharaka receivables	-	-	-	-	8,371,823	-	8,371,823	8,371,823
Other receivables	-	-	-	-	355,181	-	355,181	355,181
Bank balances	7% to 11%	169,984,838	-	169,984,838	2,481,570	-	2,481,570	172,466,408
	(a)	323,748,532	15,424,021	339,172,553	30,021,685	74,100	30,095,785	369,268,338
Financial liabilities								
Long term security deposits	-	-	-	-	10,832,207	60,728,147	71,560,354	71,560,354
Deferred liabilities	-	-	-	-	105,825,246	-	105,825,246	105,825,246
Payable to management company	-	-	-	-	5,384,109	-	5,384,109	5,384,109
Accrued and other liabilities	-	-	-	-	28,471,841	-	28,471,841	28,471,841
	(b)	-	-	-	150,513,403	60,728,147	211,241,550	211,241,550
On-balance sheet gap	(a)-(b)	323,748,532	15,424,021	339,172,553	(120,491,718)	(60,654,047)	(181,145,765)	158,026,787
Non-financial assets								
Non-financial liabilities								
Total net assets								346,661,268
								504,688,055

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.

Notes to the Financial Statements

for the year ended June 30, 2012

YIELD / PROFIT RATE RISK EXPOSURE

2011	Effective yield / Profit risk	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			Total
		Within one year	After one year	Sub total	Within one year	After one year	Sub total	
	%	Rupees						
Financial assets								
Long term investments	-	-	2,724,382	2,724,382	-	-	-	2,724,382
Long term advances and deposits	-	-	-	-	-	74,100	74,100	74,100
Ijarah rental receivables	17% to 19%	3,077,147	-	3,077,147	-	-	-	3,077,147
Musharaka receivables - secured	11.25% to 20%	157,620,015	-	157,620,015	-	-	-	157,620,015
Financial assets	-	22,632,415	-	22,632,415	-	-	-	22,632,415
Advances	-	-	-	-	794,000	-	794,000	794,000
Profit due on musharaka receivables	-	-	-	-	12,360,886	-	12,360,886	12,360,886
Other receivables	-	-	-	-	682,914	-	682,914	682,914
Bank balances	7% to 11%	249,956,168	-	249,956,168	892,078	-	892,078	250,848,246
	(a)	433,285,745	2,724,382	436,010,127	14,729,878	74,100	14,803,978	450,814,105
Financial liabilities								
Long term security deposits	-	-	-	-	9,524,427	24,533,218	34,057,645	34,057,645
Deferred liabilities	-	-	-	-	105,467,396	-	105,467,396	105,467,396
Payable to management company	-	-	-	-	4,333,917	-	4,333,917	4,333,917
Accrued and other liabilities	-	-	-	-	21,407,005	-	21,407,005	21,407,005
	(b)	-	-	-	140,732,745	24,533,218	165,265,963	165,265,963
On-balance sheet gap	(a)-(b)	433,285,745	2,724,382	436,010,127	(126,002,868)	(24,459,118)	(150,461,985)	285,548,141
Non-financial assets								
Non-financial liabilities								
Total net assets								209,113,825
								494,661,966

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.

Notes to the Financial Statements

for the year ended June 30, 2012

37 Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

38 INFORMATION ABOUT BUSINESS SEGMENTS

	2012				Consolidated
	Musharaka	Investments	Ijarah operations	Trading - Rice	
	Rupees				
SEGMENT REVENUES	18,350,986	3,925,754	114,891,878	-	137,168,618
SEGMENT RESULT					
Segment income	18,350,986	3,925,754	114,891,878	-	137,168,618
Other income	-	-	-	-	20,911,357
Operating expenses	-	-	(89,119,314)	-	(89,119,314)
Unallocated operating expenses	-	-	-	-	(25,543,340)
Modaraba company's management fee	-	-	-	-	(5,501,966)
Share of profit from associates	-	11,602,341	-	-	11,602,341
Profit for the year					49,517,696
OTHER INFORMATION					
Capital expenditure	-	-	243,578,739	-	243,578,739
Depreciation	-	-	89,119,314	-	89,119,314
ASSETS AND LIABILITIES					
Segment assets	140,355,677	81,859,327	283,228,729	-	505,443,733
Unallocated assets	-	-	-	-	210,485,872
Consolidated total assets					715,929,605
Segment liabilities	-	-	71,560,354	-	71,560,354
Unallocated liabilities	-	-	-	-	139,681,196
Consolidated total liabilities					211,241,550

Notes to the Financial Statements

for the year ended June 30, 2012

38.1 The above mentioned segments do not necessarily match with the organizational structure of the Modaraba.

INFORMATION ABOUT BUSINESS SEGMENTS

	2011				Consolidated
	Musharaka	Investments	Ijarah operations Rupees	Trading - Rice	
SEGMENT REVENUES	47,866,757	31,952,007	58,136,370	11,401,950	149,357,084
SEGMENT RESULT					
Segment income	47,866,757	31,952,007	58,136,370	1,124,727	139,079,861
Other income	-	-	-	-	3,618,454
Operating expenses	-	-	(43,064,126)	(141,762)	(43,205,888)
Unallocated operating expenses	-	-	-	-	(19,789,222)
Modaraba company's management fee	-	-	-	-	(8,160,226)
Share of profit from associates	-	1,899,052	-	-	1,899,052
Profit for the year					<u>73,442,031</u>
OTHER INFORMATION					
Capital expenditure	-	-	100,686,500	-	100,686,500
Depreciation	-	-	43,064,126	-	43,064,126
ASSETS AND LIABILITIES					
Segment assets	157,620,015	83,217,837	141,982,478	-	382,820,330
Unallocated assets	-	-	-	-	277,107,599
Consolidated total assets					<u>659,927,929</u>
Segment liabilities	-	-	34,057,645	-	34,057,645
Unallocated liabilities	-	-	-	-	131,208,318
Consolidated total liabilities					<u>165,265,963</u>

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

Notes to the Financial Statements

for the year ended June 30, 2012

39 MATURITIES OF ASSETS AND LIABILITIES

Liquidity risk is the risk that the Modaraba will be unable to meet its net funding requirements. To guard against the risk, the Modaraba has adequate funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of working capital.

	2012					2011						
	Total	1 year	1- 5 year	Over 5 year	Total	1 year	1- 5 year	Over 5 year	Total	1 year	1- 5 year	Over 5 year
Rupees												
Non-current assets												
Fixed assets - tangible leased	283,228,729	93,465,480	189,763,249	-	141,982,478	46,854,217	95,128,261	-	141,982,478	46,854,217	95,128,261	-
Fixed assets - tangible owned	7,072,402	-	7,072,402	-	7,892,679	-	7,892,679	-	7,892,679	-	7,892,679	-
Fixed assets - intangible	1,500,000	-	1,500,000	-	-	-	-	-	-	-	-	-
Capital work in progress	-	-	-	-	900,000	900,000	-	-	900,000	900,000	-	-
Long term investments	69,474,559	-	69,474,559	-	42,218,300	-	42,218,300	-	42,218,300	-	42,218,300	-
Long term advances and deposits	74,100	-	74,100	-	74,100	-	74,100	-	74,100	-	74,100	-
Ijarah rental receivables	1,023,248	1,023,248	-	-	3,077,147	3,077,147	-	-	3,077,147	3,077,147	-	-
Musharaka receivables - secured	140,355,677	140,355,677	-	-	157,620,015	157,620,015	-	-	157,620,015	157,620,015	-	-
Financial assets	12,384,768	12,384,768	-	-	40,999,537	40,999,537	-	-	40,999,537	40,999,537	-	-
Advances	18,813,111	18,813,111	-	-	794,000	794,000	-	-	794,000	794,000	-	-
Prepayments and other receivables	9,536,603	9,536,603	-	-	13,521,428	13,521,428	-	-	13,521,428	13,521,428	-	-
Bank balances	172,466,408	172,466,408	-	-	250,848,245	250,848,245	-	-	250,848,245	250,848,245	-	-
Total assets	715,929,605	448,045,295	267,884,310	-	659,927,929	514,614,589	145,313,340	-	659,927,929	514,614,589	145,313,340	-
Liabilities												
Long term security deposits	71,560,354	10,832,207	60,728,147	-	34,057,645	9,524,427	24,533,218	-	34,057,645	9,524,427	24,533,218	-
Deferred liabilities	105,825,246	-	105,825,246	-	105,467,396	-	105,467,396	-	105,467,396	-	105,467,396	-
Payable to management company	5,384,109	5,384,109	-	-	4,333,917	4,333,917	-	-	4,333,917	4,333,917	-	-
Accrued and other liabilities	28,471,841	28,471,841	-	-	21,407,005	21,407,005	-	-	21,407,005	21,407,005	-	-
Total liabilities	211,241,550	44,688,157	166,553,393	-	165,265,963	35,265,349	130,000,614	-	165,265,963	35,265,349	130,000,614	-
Represented By:												
Certificate capital	263,865,890				263,865,890				263,865,890			
Statutory & Revenue reserves	240,822,165				230,796,076				230,796,076			
	<u>504,688,055</u>				<u>494,661,966</u>				<u>494,661,966</u>			

Notes to the Financial Statements

for the year ended June 30, 2012

	2012	2011
38 NUMBER OF EMPLOYEES		
As at year end	<u>10</u>	<u>9</u>

39 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on September 11, 2012.

40 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed dividend for the year ended June 30, 2012 of Rs.1.00 per certificate (2011: Re. 1/- per certificate), amounting to Rs. 26,386,589 (2011: Rs. 26,386,589) at their meeting held on September 11, 2012. The financial statements for the year ended June 30, 2012 do not include the effect of the above which will be accounted for in the period in which it is declared.

41 GENERAL

The figures have been rounded off to the nearest rupees.

For UDL Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2012

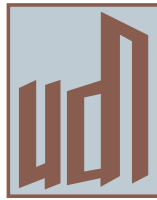
Number of Certificate	Certificate Holdings			Total Certificate Held
	From		To	
1	100	to	839	36909
101	500	to	829	218241
501	1000	to	559	443112
1001	5000	to	715	1496592
5001	10000	to	116	879272
10001	15000	to	30	382904
15001	20000	to	37	651787
20001	25000	to	16	369221
25001	30000	to	9	257320
30001	35000	to	5	160754
35001	40000	to	6	221258
40001	45000	to	6	253796
45001	50000	to	3	146351
50001	55000	to	3	158000
55001	60000	to	4	233503
60001	65000	to	6	370546
65001	70000	to	1	68500
70001	75000	to	2	146520
80001	85000	to	2	164380
90001	95000	to	2	180129
95001	100000	to	1	98500
100001	105000	to	3	304267
110001	115000	to	2	228852
120001	125000	to	1	120375
145001	150000	to	1	145600
150001	155000	to	1	152296
160001	165000	to	1	163221
165001	170000	to	2	334437
185001	190000	to	4	749811
195001	200000	to	1	197409
200001	205000	to	1	202000
220001	225000	to	2	443395
230001	235000	to	1	232000
245001	250000	to	1	247000
265001	270000	to	1	269600
275001	280000	to	1	275400
330001	335000	to	1	331386
375001	380000	to	1	375415
395001	400000	to	1	395400
585001	590000	to	1	587530
835001	840000	to	1	836964
1710001	1715000	to	1	1714625
4200001	4205000	to	1	4202016
6935001	6940000	to	1	6939995
			3,222	26,386,589

Categories of Certificate Holders

As at June 30, 2012

Categories of Certificateholders	Certificate Held	Percentage
Directors, Chief Executive Officers and their Spouses and minor children		
RASHID ABDULLA	168,037	0.64
SYED MOHAMMAD NASIR RAZA RIZVI	26,508	0.10
A. W. RAHI	10,000	0.04
	<u>204,545</u>	<u>0.78</u>
MANAGEMENT Company		
UDL MODARABA MANAGEMENT (PVT) LTD	5,038,980	19.10
	<u>5,038,980</u>	<u>19.10</u>
Associated Companies, Undertakings and Related Parties		
INTERNATIONAL BRANDS (PVT) LTD	6,944,373	26.32
	<u>6,944,373</u>	<u>26.32</u>
NIT and ICP (Name Wide Details)		
INVESTMENT CORPORATION OF PAKISTAN	4,390	0.02
NATIONAL BANK OF PAKISTAN TRUSTEE WING	100	0.00
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1,714,625	6.50
	<u>1,719,115</u>	<u>6.52</u>
Banks, Development Financial Institutions, Non Banking Financial Institutions	3,066	0.01
	<u>3,066</u>	<u>0.01</u>
Public Sector Companies and Corporations	540,441	2.05
	<u>540,441</u>	<u>2.05</u>
Insurance Companies	202,000	0.76
	<u>202,000</u>	<u>0.76</u>
Modarba Companies	270,165	1.02
	<u>270,165</u>	<u>1.02</u>
Mutual Fund (Name Wise Details)		
GOLDEN ARROW SELECTED STOCKS FUND LTD,	3,000	0.01
	<u>3,000</u>	<u>0.01</u>
Other Companies	348,863	1.32
	<u>348,863</u>	<u>1.32</u>
General Public		
Local	11,011,961	41.73
Foreign	100,080	0.38
	<u>11,112,041</u>	<u>42.11</u>
Total	<u>26,386,589</u>	<u>100.00</u>
Shareholders holding 5% or More Voting Interest		
UDL MODARABA MANAGEMENT (PVT) LTD	5,038,980	19.10
INTERNATIONAL BRANDS (PVT) LTD	6,944,373	26.32
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1,714,625	6.50

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First UDL Modaraba

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