



# First UDL Modaraba

Moving ahead

## ANNUAL REPORT 2016



**UDL Pharmaceuticals**  
(A division of First UDL Modaraba)







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# Vision

To be a leading Modaraba institution providing a range of diversified and Shariah 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

### Board of Directors

## UDL Modaraba Management (Private) Limited

Majid Hasan Chairman (Non Executive Director)  
Ather Naqi Chief Executive Officer  
Shuja Malik Executive Director  
S.M. Nasir Raza Non-Executive Director  
Abdul Rahim Suriya Non-Executive Director

### Company Secretary & CFO

Syed Aamir Hussain

### Audit Committee

S.M. Nasir Raza Chairman  
Majid Hasan Member  
Abdul Rahim Suriya Member

### Human Resource & Remuneration Committee

Abdul Rahim Suriya Chairman  
S.M. Nasir Raza Member  
Shuja Malik Member

### Auditors

Muniff Ziauddin & Co.  
Chartered Accountants

### Bankers

Habib Metropolitan Bank Limited  
Albarka Bank Limited  
Habib 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 Tayebaly & Co.  
2nd Floor Dime Centre, BC - 4, Block - 9,  
Kehkashan, Clifton, Karachi-75600

### Tax Advisor

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

### Head Office & Registered Office

1st Floor, Business Enclave, 77-C, 12th Commercial  
Street, Off: Kh-e-Ittehad, DHA Phase II (Ext.) Karachi.

### Factory

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

### Phone

(92-21) 35310561-5

### Fax

(92-21) 35310566

### Email

info@udl.com.pk

### Web

www.udl.com.pk



# 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, 2016.

## Financial Results

2016  
2015  
( Rupees in thousands)

Financial results are summarized as under :

Net profit after tax for the year	34,334	149,741
Add: Unappropriated profit brought forward	3,638	2,584
Profit available for appropriation	<u>37,972</u>	<u>152,325</u>

Appropriations:

Statutory reserve	6,867	29,948
Profit distribution		
- First Interim @ NIL (2015: 20%)	-	52,773
- Final @ 10% (2015: 25%)	26,386	65,966
	<u>33,253</u>	<u>148,687</u>
Unappropriated profit carried forward	<u>4,719</u>	<u>3,638</u>
Earnings per certificate	<u>1.30</u>	<u>5.67</u>

## Review of Operations:

Income of the Modaraba during the year was Rs. 175 million as compared to Rs. 125 million. Main reason being gain on sale of shares increased by 34% and increase in pharmaceutical sales by 174%.

The Modaraba posted an operating profit of Rs. 33 million as compared to operating loss of Rs. 0.33 million in the previous FY. Main contributing factor being higher pharmaceutical sales and control in operating expenses.

Net profit of the Modaraba was Rs. 34 million as compared to Rs. 149 million. It should be noted that in the previous FY there was an extraordinary one-time gain of Rs. 155 million which was arisen due to re-classification of certain shares as per the requirements of IAS-28.

EPS for the current year is Rs. 1.3 compared with Rs. 5.67 in FY 15.

## Financial Division

Income from Ijarah operations has declined by 24% from 26.5 million to 20.1 million, mainly due to decline of Kibor which is at all-time low level and also due to slower ploughing back of funds into the portfolio. We are facing challenges due to increased competition from banks who are offering Ijarah / leasing facilities at a much lower rate due to availability of cheap funds with them. Efforts are being made to re plough funds into quality assets which would offset the shortfall in income.

The Modaraba's investment portfolio has historically contributed significantly towards the bottom line. During the current year, the income from investments has been again one of the main contributors.



# Directors' Report

## Pharmaceutical Division

During the year pharmaceutical sales were Rs. 62 million (2015: Rs. 22.6 million) a growth of 174%. During the year several new registration of products have been obtained, of which a few products were launched and some are due to be launched in the second quarter of FY 17. Moreover few new products registration have been applied for as well. As our product portfolio grows, the top and bottom line of the company is expected to grow.

## Future Outlook

The management is trying its level best to make the pharmaceutical business profitable. Recently the arrangement has been finalized for toll manufacturing with various pharmaceutical companies. In addition to contributing to the bottom line, it would also improve UDL's market perception as a quality manufacturer of pharmaceutical products.

## Profit Distribution

The Board of Directors has approved the final cash dividend of 10% (i.e. Rs. 1/- per certificate of Rs. 10/- each) amounting to Rs. 26,386,589/- for the year ended June 30, 2016.

## Shariah Compliance and Audit Mechanism

Under the laws, rules and regulations governing the Modaraba and further as stipulated in the Prospectus, your Modaraba, has tried its best to comply with the Shariah guidelines and audit mechanism which have been confirmed by our Shariah Advisor in his report

## Corporate Governance:

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

- 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.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable to Modarabas, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and Corporate Governance as detailed in the listing regulations.
- 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 and members of the Committee are as follows;

- |    |                     |            |
|----|---------------------|------------|
| 1) | Syed Nasir Raza     | -Chairman  |
| 2) | Mr. Majid Hassan    | -Member    |
| 3) | Mr. A. Rahim Suriya | -Member    |
| 4) | Mr. Iqbal Ahmed     | -Secretary |

The Chief Financial Officer and Internal Auditor also attended the meetings as per requirement of the Code of Corporate Governance.



# Directors' Report

## Attendance of Board Meetings:

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

	Name of Director	Number of Meetings	Number of Meetings Attended	Leave of Absence
1)	Mr. Ather Naqi	4	4	-
2)	Mr. Majid Hasan	4	4	-
3)	Syed Nasir Raza	4	4	-
4)	Mr. Shuja Malik	4	4	-
5)	Mr. A. Rahim Suriya	4	3*	1

\* The leave of absence duly granted by the Board.

## Pattern of Certificate holding:

A Statement showing Pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2016 is included in this report.

## Statement of Compliance with best practices:

The Board feels pleasure in stating that provisions of the Code relevant for the year ended June 30, 2016, have been duly complied and annexed with this report.

## Auditors

The present auditors M/s Muniff Ziauddin & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Modaraba for the financial year ending June 30, 2017.

## Acknowledgement:

The Board 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 certificate-holders 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

-Sd-

Ather Naqi  
Chief Executive  
Dated: September 23rd, 2016

# ڈائریکٹرز کی رپورٹ

UDL مضاربہ مینجمنٹ (پرائیویٹ لمیٹڈ)، (مضاربہ کی مینجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2016 کو ختم ہونے والے سال کے لیے سرٹیفیکیٹ ہولڈرز کو کمپنی کے مضاربہ کے کھاتوں کی آڈٹ شدہ سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

## مالیاتی نتائج

2015	2016
(ہزار روپے میں)	
149,471	34,334
2,584	3,638
<u>152,325</u>	<u>37,972</u>
29,948	6,867
52,773	-
65,966	26,386
<u>148,687</u>	<u>33,253</u>
3,638	4,719
<u>5.67</u>	<u>1.30</u>

مالیاتی نتائج کا خلاصہ مندرجہ ذیل ہے:

سال کے لیے بعد از ٹیکس منافع

جمع: غیر تصرف شدہ منافع آگے بڑھایا گیا

تصرف کے لیے دستیاب منافع

تصرفات:

محفوظ قانونی سرمایہ

منافع کی تقسیم

- پہلا درمیانی عرصہ صفر شرح کے حساب سے (2015:20%)

- آخری درمیانی عرصہ 10% شرح کے حساب سے (2015:25%)

غیر تصرف شدہ منافع آگے لایا گیا

فی سرٹیفیکیٹ آمدنی

## کارکردگی کا جائزہ:

125 ملین روپے کے مقابلے میں سال کے دوران مضاربہ کی آمدنی 175 ملین روپے رہی۔ اس کی اہم وجہ شیئرز پر 34% زیادہ منافع اور دواسازی کی فروخت میں 174% اضافہ ہے۔

پچھلے سال کے مالیاتی سال کے 0.33 ملین روپے کے آپریٹنگ منافع کے مقابلے میں مضاربہ نے 33 ملین روپے کا ریکارڈ منافع کمایا۔ اس کی اہم وجہ دواسازی کی اضافی فروخت اور آپریٹنگ خرچوں پر کنٹرول ہے۔

مضاربہ کا خالص منافع 149 ملین روپے کے مقابلے میں 34 ملین روپے رہا۔ یہ بات نوٹ کی جانی چاہیے کہ پچھلے مالیاتی سال میں 155 ملین روپے کا یکمشت منافع ہوا جس کے بڑھنے کی وجہ یہ تھی کہ IAS-28 کی ضروریات کے مطابق شیئرز کی نئی درجہ بندی کی گئی تھی۔

فی شیئر آمدنی (EPS) 2015 کے مالی سال کے 5.67 روپے کے مقابلے میں 1 روپے 30 پیسے رہی۔



# ڈائریکٹرز کی رپورٹ

## مالیاتی ڈویژن

اجارہ کی سرگرمیوں سے حاصل ہونے والا منافع 26.5 ملین روپے سے کم ہو کر 20.1 ملین روپے ہو گیا۔ اس کی اہم وجہ کابور کی سب سے کم شرح اور پورٹ فولیو میں فنڈز کا کم شرح سے آنا تھا۔ بینکوں کی مسابقت کے باعث ہمیں چیلنجز کا سامنا ہے جو اجارہ / لیزنگ کی سہولیات نہایت کم نرخ پر پیش کر رہے ہیں اس کی وجہ یہ ہے کہ ان کے پاس سستے فنڈز دستیاب ہیں۔ بہتر اثاثہ جات میں فنڈز کی نئی دستیابی کے لیے کوششیں کی گئی ہیں جس سے منافع میں کمی پر قابو پایا جاسکے گا۔

مضاربہ کی سرمایہ کاری کے پورٹ فولیو کی حصہ داری تاریخی اعتبار سے کھاتوں کا حتمی مجموعہ رہی۔ موجودہ سال کے دوران سرمایہ کاری کا منافع ایک بار پھر حصہ داری میں اہم ثابت ہوا۔

## دواسازی کا ڈویژن

سال کے دوران دواسازی کی فروخت 62 ملین روپے رہی (2015 میں 22.6 ملین روپے) جو کہ 174% اضافہ ہے۔ سال کے دوران کئی نئی مصنوعات کی رجسٹریشن حاصل کی گئی جن میں چند مصنوعات مارکیٹ میں پیش کی گئیں اور بقایا مصنوعات مالیاتی سال 2017 کی دوسری سہ ماہی میں پیش کی جائیں گی۔ مزید یہ کہ نئی مصنوعات کی رجسٹریشن کے لیے بھی درخواست دی جا چکی ہے۔ جیسے جیسے ہماری مصنوعات کا پورٹ فولیو بڑھے گا اس طرح کمپنی کے کھاتوں کا حتمی مجموعہ اور بہترین کوالٹی بھی بڑھے گی۔

## مستقبل کا جائزہ

دواسازی کے کاروبار کو منافع بخش بنانے کے لیے انتظامیہ بھرپور کوششیں کر رہی ہے۔ حال ہی میں مختلف دواساز کمپنیوں کے ساتھ ٹال کی تیاری کے انتظامات مکمل ہو چکے ہیں۔ کھاتوں کے حتمی مجموعے میں حصہ داری سے، دواسازی کی بہترین مصنوعات کی تیاری کے حوالے سے UDL کے مارکیٹ کے ادراک میں بہتری آئے گی۔

## منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے 10% کے نقد ڈیویڈنڈ کی منظوری دے دی ہے (یعنی ہر 10 روپے کے سرٹیفکیٹ پر 1 روپیہ) جس کی مالیت 30 جون 2016 کو ختم ہونے والے سال میں -/26,386,589 روپے رہے گی۔

## شریہ کی تعمیل اور آڈٹ کا طریقہ کار

مضاربہ پر عملدرامی کے قوانین، اصول اور قواعد و ضوابط کے تحت اور کوائف نامے کی شرائط کے مطابق آپ کے مضاربے نے شریعہ کے اصولوں اور آڈٹ کے طریقہ کار کی مکمل پاسداری کی ہے جس کی تصدیق شریعہ کے مشیر نے اپنی رپورٹ میں کی ہے۔

# ڈائریکٹرز کی رپورٹ

## اجتماعی عملداری

- مضاربہ کی انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اس کے معمولات، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کو عمدہ طریقے سے پیش کیا گیا ہے۔
- کمپنی کی جانب سے مضاربے کی موزوں بکس کا استعمال کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کا دار و مدار معقول اور محتاط فیصلے پر مبنی ہے۔
- مضاربہ میں اطلاق کے حوالے سے بین الاقوامی اکاؤنٹنگ کے معیار کا نفاذ کیا گیا ہے۔
- اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی مؤثر ہے۔
- چلتے ہوئے کاروبار کے حوالے سے مضاربہ کی قابلیت پر کسی قسم کے شبہات نہیں ہیں۔
- اجتماعی گورننس کی بہترین مشقوں میں کسی قسم کا انحراف نہیں ہے جس کی تفصیل لسٹنگ کے قواعد و ضوابط میں ہے۔
- کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل افسر، کمپنی سیکریٹری اور ان کے شریک حیات اور چھوٹے بچوں کی جانب سے شیئرز کی تجارت نہیں کی گئی۔

## آڈٹ کمیٹی

بورڈ کی جانب سے آڈٹ کمیٹی تشکیل دی گئی ہے جس کے ممبران مندرجہ ذیل ہیں:

- (1) سید ناصر رضا -- چیئرمین
- (2) جناب ماجد حسن -- ممبر
- (3) جناب عبدالرحیم سواریا -- ممبر
- (4) جناب اقبال احمد -- سیکریٹری

اجتماعی عملداری کے ضابطے کے مطابق چیف فنانشل افسر اور انٹرنل آڈیٹر نے بھی میٹنگز میں شرکت کی۔

## بورڈ کے ممبران کی حاضری:

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئیں جن میں مندرجہ ذیل ڈائریکٹرز شریک ہوئے:

ڈائریکٹر کا نام	میٹنگز کی تعداد	میٹنگز میں شرکت کی تعداد	رخصت یا غیر حاضری
(1) جناب اطہر نقی	4	4	-
(2) جناب ماجد حسن	4	4	-
(3) سید ناصر رضا	4	4	-
(4) جناب شجاع مالک	4	4	-
(5) جناب عبدالرحیم سواریا	4	*3	1

\* غیر حاضری کی رخصت بورڈ نے دی۔



# ڈائریکٹرز کی رپورٹ

سرٹیفکیٹ ہولڈنگ کا نمونہ

30 جون 2016 تک مضاربہ سرٹیفکیٹ ہولڈنگ کو ظاہر کرنے والا گوشوارہ اور اضافی معلومات اس رپورٹ میں شامل ہے۔

## بہترین مشقوں کی تعمیل کا گوشوارہ

بورڈ یہ بیان دینے میں خوشی محسوس کرتا ہے کہ 30 جون 2016 کو ختم ہونے والے متعلقہ سال کے لیے ضابطے کی تعمیل کی گئی ہے اور اسے اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## آڈیٹرز

آڈیٹرز، مینسٹریف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر اور اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تعیناتی کے لیے پیش کیا۔ آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز کو 30 جون 2017 میں ختم ہونے والے سال کے لیے دوبارہ تعینات کرنے کی سفارش کی اور بورڈ نے آڈٹ کمیٹی کی سفارش قبول کر لی۔

## اعتراف

بورڈ اس موقع پر رجسٹرار مضاربہ اور سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر افسران کی متواتر ہنمائی اور تعاون کا شکریہ ادا کرتا ہے۔  
بورڈ اپنے معزز گاہکوں اور سرٹیفکیٹ ہولڈرز کا مضاربہ پر بھروسہ اور اعتماد کرنے کا اور انتظامیہ کے ممبران اور عملے کی محنت اور کوششوں کا بھی شکریہ ادا کرتا ہے۔

بورڈ کی جانب سے

- دستخط -

اطہر نقی

چیف ایگزیکٹو

تاریخ: 23 ستمبر 2016















# Six Years Financials Balance Sheet Summary

(Rs. in million)

Year Ended June 30, 2016

	2011	2012	2013	2014	2015	2016
<b>EQUITY</b>						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	263.87	263.87
Statutory Reserve	183.42	193.33	201.64	215.33	245.66	252.53
Revenue Reserve and unappropriate profit	47.37	47.49	87.90	98.69	121.20	126.63
<b>Total Equity</b>	<b>494.66</b>	<b>504.69</b>	<b>553.41</b>	<b>577.89</b>	<b>630.73</b>	<b>643.03</b>
<b>LIABILITIES</b>						
Security Deposit	24.53	60.72	97.33	60.84	42.31	33.704
Other Deferred Liabilities	105.47	105.82	104.02	104.01	104.01	104.01
<b>Current Liabilities</b>						
Current maturity of Security Deposit	9.52	10.83	6.86	50.20	36.47	44.254
Other Current Liabilities	25.74	33.87	34.57	35.80	53.931	55.371
<b>Total Liabilities</b>	<b>165.26</b>	<b>211.24</b>	<b>242.77</b>	<b>250.85</b>	<b>236.721</b>	<b>237.339</b>
<b>Total Equity &amp; Liabilities</b>	<b>659.92</b>	<b>715.93</b>	<b>796.18</b>	<b>828.74</b>	<b>867.458</b>	<b>880.369</b>
<b>ASSETS</b>						
Assets Leased Out	141.98	283.23	324.97	273.71	207.94	219.812
Assets in own use - Tangible	7.89	7.07	180.71	190.56	184.795	170.430
Assets in own use - Intangible	-	1.50	2.50	2.69	2.38	2.089
Long Term Investment	43.12	69.48	131.69	136.78	233.63	224.35
Other Long Term Assets	0.07	0.07	8.56	0.14	0.14	0.877
Capital work in Progress	-	-	-	-	-	5.960
	193.06	361.35	648.43	603.88	628.258	623.526
<b>Current Assets</b>						
Stock	-	-	2.97	10.40	18.952	21.985
Musharika	157.62	140.35	13.12	8.75	0.500	0.5
Short Term Investments	41	12.38	24.89	48.50	40.245	42.858
Other Current Assets	17.39	29.39	10.92	34.33	86.112	43.12
Cash & Bank Balances	250.85	172.46	95.85	122.88	93.391	148.389
<b>Total Current Assets</b>	<b>466.86</b>	<b>354.58</b>	<b>147.75</b>	<b>224.86</b>	<b>239.200</b>	<b>256.852</b>
<b>Total Assets</b>	<b>659.92</b>	<b>715.93</b>	<b>796.18</b>	<b>828.74</b>	<b>867.458</b>	<b>880.372</b>



# Income Statement Highlights

(Rs. in million)

Year Ended June 30, 2016	2011	2012	2013	2014	2015	2016
Ijarah Operations	58.13	114.89	135.47	154.94	20.15	20.15
Musharika Finance	47.87	18.35	13.89	3.45	3.93	4.00
Investment	33.16	3.926	16.05	72.35	61.77	82.89
Pharma Business	-	-	1.50	17.95	22.64	61.90
Other Sources	7.25	18.042	15.00	8.08	10.48	6.17
<b>Total Income</b>	<b>146.41</b>	<b>155.208</b>	<b>181.91</b>	<b>256.77</b>	<b>125.32</b>	<b>175.14</b>
<b>EXPENSES</b>						
Operating	19.92	19.71	33.61	40.53	48.622	48.159
Cost of goods sold - Pharma	-	-	11.71	31.98	45.15	71.057
Selling & distribution	-	-	-	13.72	31.76	22.728
Financial	-	0.03	0.04	0.03	0.10	0.135
<b>Total Expenses</b>	<b>62.99</b>	<b>114.66</b>	<b>151.71</b>	<b>209.29</b>	<b>229.32</b>	<b>235.155</b>
Share of Profit from Associates	1.89	11.6	16.07	24.47	12.60	-
Unrealized gain on investments	(3.71)	2.87	4.29	7.05	1.84	6.442
Profit / (Loss) before Management Fee	81.6	55.02	50.56	79.00	169.77	6.442
Less:- Management Fee & Other	8.16	5.50	7.07	10.56	20.03	27.892
Profit before Taxation	73.44	49.52	43.49	68.44	149.74	34.334
Less:- Taxation	0.48	-	-	-	-	-
<b>Net Profit</b>	<b>73.44</b>	<b>49.5162</b>	<b>43.493</b>	<b>68.44</b>	<b>149.74</b>	<b>34.334</b>
<b>APPROPRIATIONS</b>						
Final Dividend	46.17	39.58	52.77	55.41	65.96	26.38
Statutory Reserve	21.65	9.9	8.69	13.68	29.94	6.866
Break-up value per Certificates (Rs.)	18.75	19.12	20.97	21.90	23.90	24.36
Market Price on 30th June (Rs.)	7.25	7.40	10.00	18.78	24.78	19.50
Dividend per Certificate (Rs.)	1.75	1.50	2.00	2.10	4.50	1.00
Earning Per Certificate (Rs.)	2.77	1.88	1.65	2.59	5.67	1.30
Current Ratio (X)	13.30	8.04	3.57	2.60	2.64	2.50
Net Profit margin (%)	49.83	31.90	23.91	26.65	65.39	19.60
Return on Equity (%)	14.75	9.81	7.85	11.84	23.74	5.40
Return on Investment (%)	35.39	22.48	23.25	56.06	84.66	33.43
Dividend Payout (%)	63.29	79.79	121.45	80.96	79.36	76.85



# Statement of Compliance with the Code of Corporate Governance

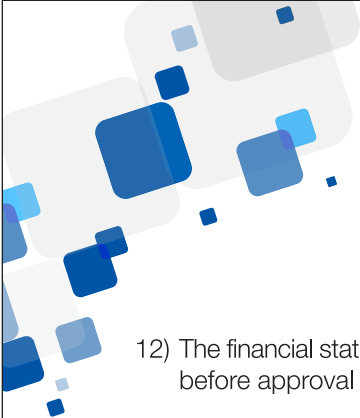
This statement is being prepared to comply with the code of corporate governance containing in listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a Modaraba is managed in compliance with the best practices of corporate governance.

- 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

<u>CATEGORY</u>	<u>NAMES</u>
Independent Director	Mr. Majid Hasan
Non Executive Directors	Mr. Abdul Rahim Suriya Mr. Syed Nasir Raza
Executive Directors	Mr. Ather Naqi Mr. Shuja Malik

The independent director meets the criteria of independence under clause 5.19.1(b) of the code of Corporate Governance.

- 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) There was no casual vacancy occurred during the period.
- 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. However, one executive director has completed required Directors Training Programme from recognized institute.
- 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 Certificate of the Modaraba other than that disclosed in the pattern of Certificate holdings.
  - 14) The Modaraba has complied with all the corporate and financial reporting requirement of the CCG.
  - 15) The Board has formed an Audit Committee comprising 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 Executive 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 Certificate 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) Subsequent to the year end the Modaraba ensure that all key appointments and designations are made after having taken into account the recommendations of HR Committee.
  - 24) We confirm that all other material principles enshrined in the CCG have been complied with.

-Sd-

Ather Naqi

Chief Executive Officer

**Dated: September 23rd, 2016**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **UDL MODARABA MANAGEMENT (PRIVATE) LIMITED**, the Management Company of **FIRST UDL MODARABA** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Modaraba. 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 provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended June 30, 2016.

-Sd-

**KARACHI:**  
Dated: September 23rd, 2016

**MUNIFF ZIAUDDIN & CO**  
**CHARTERED ACCOUNTANTS**  
(Muhammad Moin Khan)







**Muniff Ziauddin & Co.**

Chartered Accountants

An independent member firm of BKR International

**BKR**  
INTERNATIONAL

**INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS**

We have audited the annexed balance sheet of **First UDL Modaraba** (the Modaraba) as at June 30, 2016 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 purpose 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 account have been kept by the Modaraba Company in respect of First UDL Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and 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 account and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business and
  - iii) the business conducted, investment 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 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 confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the



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Tel: 92-21-35375127-8 35872283, Fax: 92-21-35820325, E-mail: info@mzco.com.pk URL: www.mzco.com.pk  
Other Offices: Lahore & Islamabad

Modaraba (Floatation and Control) Ordinance ,1980 (XXXI of 1980) and the Modaraba Companies and the 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, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**Other Matters:**

The financial statements of the Company for the year ended June 30, 2015, were audited by another firm of Chartered Accountants, whose reports dated September 30, 2015 expressed an unqualified opinion thereon.

**KARACHI:**

Dated: September 23rd, 2016

-Sd-

**MUNIFF ZIAUDDIN & CO**  
**CHARTERED ACCOUNTANTS**  
(Muhammad Moin Khan)



# Mufti Abdul Qadir

## Shariah Advisor

Shahadatu Tahfeez-ul-Quran  
Shahadat-ul-Aalamiyyah  
Shahadat-ul-Takhassus fil Fiqh wal Ifta

MA (Islamic Studies), MA (Arabic)  
PGD (Islamic Banking & Finance)  
MIBF (Masters in Islamic Banking & Finance)

Ref: ASR-UDL-16

Date: 23-09-16

### **Annual Shari'ah Review Report** **First UDL Modaraba** **For the year ended June 30, 2016**

In the name of Allah, The Most Beneficent, The Most Merciful,  
All praise is due to Allah, and Allah's Peace and Blessings be upon His Final Messenger, his pure family, his noble Companions, and all those who follow them with righteousness until the Day of Judgment.

I have conducted the Shari'ah review of First UDL Modaraba managed by UDL Modaraba Management (Private) Limited, the Modaraba Management Company for the year ended June 30, 2016 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. Following were the major developments that took place during the year:

#### **Training and Development:**

The key staff of the FUDLM is fully equipped with Islamic finance tools and industry requirements through training. One of the key staff members has attended the workshop on "Practical Problems in Ijarah & Diminishing Musharakah" during the period, organized by NBF & Modaraba Association of Pakistan.

- iii. The agreements entered into by the Modaraba are Shar'iah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba including its pharmaceutical division and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- v. The earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.

*Abdul Qadir*

B-41 Block N, North Nazimabad Karachi, Near Sakhi Hassan Post Office 74700, Pakistan  
Cell Number: 0321-2103451, Email Address: [abdulqadirh\\_22@yahoo.com](mailto:abdulqadirh_22@yahoo.com), [abdulqadirh\\_22@hotmail.com](mailto:abdulqadirh_22@hotmail.com)



# Mufti Abdul Qadir

## Shariah Advisor

Shahadatu Tahfeez-ul-Quran  
Shahadat-ul-Aalamiyyah  
Shahadat-ul-Takhassus fil Fiqh wal Ifta

MA (Islamic Studies), MA (Arabic)  
PGD (Islamic Banking & Finance)  
MIBF (Masters in Islamic Banking & Finance)

Ref: ASR-UDL-16

Date: 23-09-16

### Charity:

An amount of Rs. 148,802 was collected on account of non-timely payments by customers which is fully paid on account of charity with the approval of concern Shari'ah Advisors so far.

### Observations:

I have inquired and checked the systems and business transactions of Modaraba and found them in line with the guidelines issued by SECP vide Circular No. 8 of 2012 dated 03-02-2012, whereby Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) was introduced.

- As regards insurance coverage facility, it has been noticed that the Modaraba has already availed insurance facility from renowned Takaful companies apart from conventional insurance companies and further negotiations with other Takaful Companies is underway for remaining and new transactions / leases. The entire insurance coverage shall eventually be transferred to the Takaful Companies.

### Recommendations:

- 1) It is recommended and desirable for the Modaraba to convert their entire insurance coverage facility arrangements from conventional insurance companies to Takaful Companies.
- 2) The management should continue its endeavor to comply with the rulings of Shari'ah in its business operations and future transactions.

### Conclusion:

Based on the above mentioned facts, I am of the view that the business operations of First UDL Modaraba are Shari'ah Compliant, to the best of my knowledge.

May Allah make us successful in this world and hereafter and forgive our mistakes.

### Signature



Abdul Qadir  
Shari'ah Advisor  
Dated: September 23rd, 2016.



# Balance Sheet

as at June 30, 2016

## ASSETS

### Non-current assets

	Note	2016	2015
← Rupees →			
Fixed assets - tangible	6	390,243,157	393,642,538
Capital work in process		5,960,000	-
Fixed assets - intangibles	7	2,089,000	2,389,000
Long term investments	8	224,350,999	233,636,405
Musharaka financing	9	-	-
Long term deposits		877,100	142,100
<b>Total non-current assets</b>		<b>623,520,256</b>	<b>629,810,043</b>

### Current assets

Ijarah rental receivables	10	3,074,710	2,377,055
Stocks	11	21,985,310	18,952,325
Trade debts- unsecured but considered good		12,255,181	4,661,140
Current portion of musharaka financing	9	500,000	500,000
Investments	12	42,858,736	40,245,073
Advances	13	13,522,443	40,818,648
Prepayments and other receivables	14	14,266,973	36,702,212
Bank balances	15	148,389,275	93,391,827
<b>Total current assets</b>		<b>256,852,629</b>	<b>237,648,280</b>

### Total assets

**880,372,885**      **867,458,324**

## EQUITY AND LIABILITIES

### Certificate holders' equity

Certificate capital	16	263,865,890	263,865,890
Statutory reserves	17	252,531,444	245,664,578
Unrealized gain on re-measurement of available for sale investments		95,523,884	51,594,955
Unappropriated profit		31,105,546	69,604,554
<b>Total equity</b>		<b>643,026,764</b>	<b>630,729,977</b>

### Non-current Liabilities

Long term security deposits	18	33,704,556	42,310,765
Deferred liabilities	19	104,016,279	104,016,279

### Total non-current liabilities

**137,720,835**      **146,327,044**

### Current Liabilities

Current maturity of security deposits	18	44,254,091	36,471,660
Payable to management company	20	6,678,843	13,726,992
Accrued and other liabilities		48,692,352	40,202,651

### Total current liabilities

**99,625,286**      **90,401,303**

### Total liabilities and equity

**880,372,885**      **867,458,324**

## CONTINGENCIES AND COMMITMENTS

22

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Profit & Loss Account

for the year ended June 30, 2016

	Note	2016	2015
		← Rupees →	
<b>Income from:</b>			
- Ijarah operations	23	20,154,525	26,492,786
- Musharaka finance		4,000,000	3,933,689
- Investments	24	82,899,816	61,770,320
- Pharma business	25	61,909,755	22,645,205
- Other sources	26	6,173,830	10,482,817
		<u>175,137,926</u>	<u>125,324,818</u>
<b>Expenses</b>			
Cost of goods sold- pharma	27	71,057,940	45,157,894
Selling & distribution	28	22,728,847	31,769,268
Operating	29	48,159,213	48,622,097
Financial charges	30	135,972	106,568
		<u>142,081,973</u>	<u>125,655,828</u>
<b>Operating profit</b>		<u>33,055,954</u>	<u>(331,010)</u>
Unrealized gain on re-measurement of investments at fair value through profit or loss		6,442,391	1,840,510
Extra ordinary Item		-	155,661,599
Share of profit from associates (unrealized)		-	12,602,960
		<u>39,498,344</u>	<u>169,774,059</u>
<b>Less:</b>			
Modaraba management company's remuneration		(3,949,834)	(16,977,406)
Services sales tax on management company's remuneration		(513,478)	-
		<u>35,035,031</u>	<u>152,796,653</u>
<b>Less:</b>			
Workers Welfare Fund		(700,701)	(3,055,933)
<b>Profit before tax</b>		<u>34,334,331</u>	<u>149,740,720</u>
Provision for taxation	32	-	-
<b>Profit after taxation</b>		<u>34,334,331</u>	<u>149,740,720</u>
Earnings per certificate - basic and diluted	33	<u>1.30</u>	<u>5.67</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza



# Statement of Comprehensive Income

for the year ended June 30, 2016

	← 2016	2015 →
	Rupees	
Profit after taxation	34,334,331	149,740,720
Other comprehensive income		
Items that will be reclassified to profit and loss account on disposal		
Unrealized gain on re-measurement of available for sale investment	43,928,929	(17,741,749)
Other comprehensive income	43,928,929	(17,741,749)
<b>Total comprehensive income</b>	<b>78,263,260</b>	<b>131,998,971</b>

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza



# Cash Flow Statement

for the year ended June 30, 2016

	Note	2016	2015
		← Rupees →	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		34,334,331	149,740,720
<b>Adjustment of non cash items:</b>			
Depreciation on own assets	6	21,011,819	20,107,701
Amortization of Intangible asset	7	300,000	300,000
Unrealized (gain) on re-measurement of investments at fair value through profit or loss		(6,442,391)	(1,840,510)
Extra ordinary Item		-	(155,661,599)
Depreciation on assets leased out under Ijarah	6	93,076,128	103,666,594
(Gain) on sale of investments	24	(79,019,258)	(61,110,195)
Share of profit from associates		-	(12,602,960)
(Gain) / loss on sale of fixed assets			
- own assets	26	(3,233,217)	45,227
- assets leased out under Ijarah	23	478,150	(790,211)
Dividend income	24	(3,880,558)	(660,125)
Financial charges	30	135,972	106,568
<b>Operating profit before working capital changes</b>		<b>56,760,977</b>	<b>41,301,210</b>
<b>Changes in working capital:</b>			
<b>(Increase) / decrease in current assets</b>			
Ijarah rental receivables		(697,655)	(1,511,435)
Stock-in-trade		(3,032,985)	(8,555,989)
Trade debts		(7,594,041)	4,658,705
Musharaka receivables		-	8,246,672
Advances		(2,613,663)	(23,482,007)
Prepayments & other receivables		27,296,205	(31,432,207)
		<b>13,357,860</b>	<b>(52,076,261)</b>
<b>Increase / (decrease) in current liabilities</b>			
Management fee payable		(7,048,149)	8,577,406
Accrued and other liabilities		8,489,700	9,558,024
		<b>1,441,552</b>	<b>18,135,429</b>
Gratuity paid		-	-
Financial charges paid		(135,972)	(106,568)
<b>Net cash generated from operating activities</b>		<b>71,424,416</b>	<b>7,253,810</b>

# Cash Flow Statement

for the year ended June 30, 2016

Note      2016                      2015  
 ← Rupees →

## CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets		
- own assets	(12,502,784)	(14,416,912)
- assets leased out under Ijarah	(127,587,950)	(89,801,200)
Purchase of Investments	(185,995,771)	(158,700,034)
Proceeds from sale of investments	246,675,027	283,575,926
Proceeds from sale of fixed assets		
- own assets	11,028,829	23,999
- assets leased out under Ijarah	114,865,373	53,343,277
Dividends received	3,880,558	660,125
<b>Net cash generated from investing activities</b>	<b>50,363,282</b>	<b>74,685,181</b>

## CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(65,966,473)	(79,159,767)
Long-term security deposits	(823,778)	(32,264,431)
<b>Net cash used in financing activities</b>	<b>(66,790,251)</b>	<b>(111,424,198)</b>
Net increase / (decrease) in cash and cash equivalents	54,997,447	(29,485,208)
Cash and cash equivalents at the beginning of the year	93,391,827	122,877,035
<b>Cash and cash equivalents at the end of the year</b>	<b>148,389,275</b>	<b>93,391,827</b>

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The annexed notes from 1 to 44 form an integral part of these financial statements.

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

-Sd-  
 Chief Executive  
 Ather Naqi

-Sd-  
 Director  
 Shuja Malik

-Sd-  
 Director  
 Syed Nasir Raza

# Statement of Changes in Equity

for the year ended June 30, 2016

	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 1, 2014	263,865,890	215,716,434	69,336,704	28,971,745	577,890,773
Other comprehensive income for the year ended June 30, 2015	-	-	(17,741,749)	149,740,720	131,998,971
Profit distribution - 30 June 2014 at 10%	-	-	-	(26,386,589)	(26,386,589)
Interim Profit distribution at 20%	-	-	-	(52,773,178)	(52,773,178)
Transfer to statutory reserve at 20%	-	29,948,144	-	(29,948,144)	-
Balance as at June 30, 2015	<u>263,865,890</u>	<u>245,664,578</u>	<u>51,594,955</u>	<u>69,604,554</u>	<u>630,729,977</u>
Other comprehensive income for the year ended June 30, 2016	-	-	43,928,929	34,334,331	78,263,260
Profit distribution - 30 June 2015 at 25%	-	-	-	(65,966,473)	(65,966,473)
Transfer to statutory reserve at 20%	-	6,866,866	-	(6,866,866)	-
Balance as at June 30, 2016	<u>263,865,890</u>	<u>252,531,444</u>	<u>95,523,884</u>	<u>31,105,546</u>	<u>643,026,764</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 after tax profits is required to be transferred to statutory reserve.

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza



# Notes to the Financial Statements

for the year ended June 30, 2016

## 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, Business Enclave, 77-C, 12th Commercial Street, Off: Kh-e-Ittehad, DHA Phase II (Ext.) Karachi. and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, mul tipurpose and multidimensional Modaraba engaged in providing finance under Murabaha and Musharaka arrangements, Ijarah, commodity trading, manufacturing and trading of pharmaceutical products, and trading in listed and non-interest bearing securities. The Modaraba is listed on Pakistan Stock Exchange.

## 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.

## 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment (Amendments)	January 1, 2018
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 10 Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11 Joint Arrangements (Amendments)	January 1, 2016
IFRS 12 Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019



# Notes to the Financial Statements

for the year ended June 30, 2016

<b>Standard, Interpretation or Amendment</b>		<b>Effective date (annual periods beginning on or after)</b>
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

The Modaraba expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2015.

<b>Standard, Interpretation or Amendment</b>		<b>Effective date (annual periods beginning on or after)</b>
IFRS 13	Fair value measurement	January 1, 2015

## 4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise stated.

### 4.1 Basis of preparation

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.

4.1.1 These financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

### 4.2 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.

# Notes to the Financial Statements

for the year ended June 30, 2016

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	5.10
Provision against Ijarah and Musharaka receivables	5.8
Impairment of assets	5.20

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise stated.

### 5.1 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.

#### 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 7.

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 having finite useful life are capitalized at cost and stated at cost less amortization. The rate of amortization is 20% applying straight line method.

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.

Intangibles having infinite life are capitalized at cost and are carried at cost less impairment, if any.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 5.3 Capital work in progress

Capital work in progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

## 5.4 Investment in associates

Investment in associates which are entities over which the Modaraba Management Company 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.

## 5.5 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.

### Subsequent measurement

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

### 5.5.1 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
- 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



# Notes to the Financial Statements

for the year ended June 30, 2016

## 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 recognized 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.

## De-recognition 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.

## 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.

### 5.5.2 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.



# Notes to the Financial Statements

for the year ended June 30, 2016

## 5.6 Stocks

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.

## 5.7 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at cost, which is determined on a first-in-first-out basis. Spares-in-transit are values at cost accumulated to the balance sheet date. A provision is made for any excess of book value over net realizable value.

The Modaraba reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spares and loose tools.

## 5.8 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.

## 5.9 Revenue recognition

Sales are recorded on dispatch of goods and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

Toll manufacturing income is recognized when services are rendered.

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, 2016

## 5.10 Taxation

### 5.10.1 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.

### 5.10.2 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 liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

### 5.11 Staff provident fund

The modaraba operates a recognize provident funds for all eligible employees and contributions to the provident fund are made at the rate of 10% of the basic salary of employees.

### 5.12 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.

### 5.13 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.

### 5.14 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.

### 5.15 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.

### 5.16 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.



# Notes to the Financial Statements

for the year ended June 30, 2016

## 5.17 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.

## 5.18 Transactions with related parties

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

## 5.19 Profit distribution to certificates holders

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

## 5.20 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.

## 5.21 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 'Manufacturing' 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.

## 5.22 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, 2016

## 6. FIXED ASSETS - tangible

2016	Cost			ACCUMULATED DEPRECIATION			Depreciation rate per annum %			
	As at July 1, 2015	Additions	(Deletions)	As at June 30, 2016	As at July 1, 2015	Charge for the year		Disposal / adjustments	As at June 30, 2016	Book value As at June 30, 2016
	Rupees									
Assets own use										
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-	10,450,350	-
Building on lease hold land	96,210,053	5,014,440	-	101,224,493	9,681,890	4,959,677	-	14,641,567	86,582,926	5
Plant & Machinery	72,415,527	4,236,129	-	76,651,656	14,476,420	7,622,750	-	22,099,170	54,552,486	10
Furniture and fittings	6,780,246	-	-	6,780,246	3,892,766	424,142	-	4,316,908	2,463,338	10
Books	47,000	-	-	47,000	23,497	9,403	-	32,900	14,100	20
Vehicles	36,411,487	1,993,115	(11,028,829)	27,375,773	14,159,646	6,426,370	(5,172,411)	15,413,605	11,962,168	20
Computer equipment	4,364,521	10,500	-	4,375,021	3,030,006	410,847	-	3,440,853	934,168	20
Office equipment and appliances	6,397,375	1,248,600	-	7,645,975	3,016,653	1,158,631	-	4,175,284	3,470,691	20
<b>Sub total</b>	<b>233,076,559</b>	<b>12,502,784</b>	<b>(11,028,829)</b>	<b>234,550,514</b>	<b>48,280,878</b>	<b>21,011,819</b>	<b>(5,172,412)</b>	<b>64,120,287</b>	<b>170,430,227</b>	
Assets leased out under Ijarah										
Machinery and equipments	120,803,114	13,525,000	(43,181,241)	91,146,873	92,037,442	8,015,959	(35,376,528)	64,676,873	26,470,000	25-33
Vehicles	308,622,965	114,062,950	(71,684,132)	351,001,783	128,541,779	85,060,169	(55,943,095)	157,658,853	193,342,930	25-33
<b>Sub total</b>	<b>429,426,079</b>	<b>127,587,950</b>	<b>(114,865,373)</b>	<b>442,148,656</b>	<b>220,579,222</b>	<b>93,076,128</b>	<b>(91,319,623)</b>	<b>222,335,726</b>	<b>219,812,930</b>	
<b>Total</b>	<b>662,502,638</b>	<b>140,090,734</b>	<b>(125,894,202)</b>	<b>676,699,170</b>	<b>268,860,100</b>	<b>114,087,947</b>	<b>(96,492,035)</b>	<b>286,456,013</b>	<b>390,243,157</b>	



# Notes to the Financial Statements

for the year ended June 30, 2016

## 6.1 Disposal of Assets in own use

	Cost	Accumulated Depreciation	Net Book Value	Rupees		Mode Of Disposal	Particulars of Purchasers
				Sale Proceeds	Gain on disposal		
Honda City	1,522,000	393,185	1,128,815	1,431,635	302,820	Quotation	Mr. Behroz Sabzwari
Suzuki Mehran	706,500	192,100	514,400	570,000	55,600	Quotation	Mr. Atti Saeed
Suzuki Mehran	683,000	204,898	278,102	570,000	91,898	Quotation	Mr. Atti Saeed
Suzuki Mehran	475,000	289,779	185,221	410,000	224,779	Quotation	Mr. Atti Saeed
Suzuki Mehran	724,449	308,752	415,697	570,000	154,303	Quotation	Mr. Atti Saeed
Suzuki Mehran	734,950	293,979	440,971	523,000	82,029	Quotation	Mr. Atti Saeed
Honda Civic	2,641,980	1,100,825	1,541,155	2,150,000	608,845	Negotiation	UDL Management Co
Toyota Corolla	1,345,000	560,420	784,580	1,130,000	345,420	Quotation	Mr. Abid Mansoor
Suzuki Mehran	734,950	367,473	367,477	475,000	107,523	Quotation	M/s. Suzuki south
Honda City	1,461,000	1,461,000	-	1,260,000	1,260,000	Quotation	Mr. Abid Mansoor
	<u>11,028,829</u>	<u>4,967,513</u>	<u>5,856,418</u>	<u>9,089,635</u>	<u>3,233,217</u>		

## 6.2 The depreciation expense has been allocated as follows;

	Note	2016	2015
		Rupees	
Cost of goods sold	27	12,582,428	11,844,392
Operating expense	29	8,429,391	8,263,309
		<u>21,011,819</u>	<u>20,107,701</u>



# Notes to the Financial Statements

for the year ended June 30, 2016

## FIXED ASSETS - tangible

2015	Cost				ACCUMULATED DEPRECIATION				Depreciation rate per annum %	
	As at July 1, 2014	Additions	(Deletions)	As at June 30, 2015	As at July 1, 2014	Charge for the year	Disposal / adjustments	As at June 30, 2015		Book value As at June 30, 2015
	Rupees									
Assets own use										
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	-	10,450,350	-
Building on lease hold land	94,082,889	2,127,164	-	96,210,053	4,956,194	4,725,696	-	9,681,890	86,528,163	5
Plant & Machinery	69,597,297	2,818,230	-	72,415,527	7,357,724	7,118,696	-	14,476,420	57,939,107	10
Furniture and fittings	6,583,446	196,800	-	6,780,246	3,485,722	407,044	-	3,892,766	2,887,480	10
Books	47,000	-	-	47,000	14,097	9,400	-	23,497	23,503	20
Vehicles	28,154,617	8,256,870	-	36,411,487	7,781,945	6,377,701	-	14,159,646	22,251,841	20
Computer equipment	4,010,271	573,450	(219,200)	4,364,521	2,784,474	395,505	(149,973)	3,030,006	1,334,515	20
Office equipment and appliances	5,952,977	444,398	-	6,397,375	1,942,994	1,073,659	-	3,016,653	3,380,722	20
Sub total	218,878,847	14,416,912	(219,200)	233,076,559	28,323,150	20,107,701	(149,974)	48,280,878	184,795,681	
Assets leased out under Ijarah										
Machinery and equipments	191,822,703	-	(71,019,589)	120,803,114	121,788,813	25,860,688	(55,612,059)	92,037,442	28,765,672	25-33
Vehicles	366,691,202	91,353,200	(149,421,437)	308,622,965	163,011,775	77,805,905	(112,275,901)	128,541,779	180,081,186	25-33
Sub total	558,513,905	91,353,200	(220,441,026)	429,426,079	284,800,588	103,666,594	(167,887,960)	220,579,222	208,846,857	
Total	777,392,752	105,770,112	(220,660,226)	662,502,638	313,123,738	123,774,295	(168,037,934)	268,860,100	393,642,538	

# Notes to the Financial Statements

for the year ended June 30, 2016

## 7. FIXED ASSETS - intangible

	Cost			ACCUMULATED AMORTIZATION			Useful life of the asset		
	As at July 1, 2015	As at June 30, 2016	As at July 1, 2015	Charge for the year	As at June 30, 2016	Book value As at June 30, 2016			
	Rupees						Amortization rate per annum %		
Computer Software	1,500,000	-	1,500,000	900,000	300,000	1,200,000	300,000	20	Finite
Products Name	1,789,000	-	1,789,000	-	-	-	1,789,000	-	Infinite
Total - 30th June' 2016	3,289,000	-	3,289,000	900,000	300,000	1,200,000	2,089,000		

## FIXED ASSETS - intangible

	Cost			ACCUMULATED AMORTIZATION			Useful life of the asset		
	As at July 1, 2014	As at June 30, 2015	As at July 1, 2014	Charge for the year	As at June 30, 2015	Book value As at June 30, 2015			
	Rupees						Amortization rate per annum %		
Computer Software	1,500,000	-	1,500,000	600,000	300,000	900,000	600,000	20	Finite
Products Name	1,789,000	-	1,789,000	-	-	-	1,789,000	-	Infinite
Total - 30th June' 2015	3,289,000	-	3,289,000	600,000	300,000	900,000	2,389,000		

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016	2015
		Rupees	
<b>8. LONG TERM INVESTMENTS</b>			
Associated companies	8.1	-	-
Available for sale			
Listed companies	8.2	<u>224,350,999</u>	<u>233,636,405</u>
		<u>224,350,999</u>	<u>233,636,405</u>

## 8.1 Associated companies

		June 2016				
2016		The Searle Company Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
Note						
8.1.1		-	-	-	-	-
		June 2015				
2015		The Searle Company Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
Note						
Share capital						
- ordinary shares		61,554,800	18,367,800	10,800,000	23,000,000	113,722,600
No. of shares held		597,400	875,063	71,560	147,500	1,691,523
Ownership interest		0.97%	4.76%	0.66%	0.64%	
		← Rupees →				
Opening balance		31,597,847	19,450,701	3,074,931	-	54,123,479
Share of profit from associates		4,778,153	4,945,000	49,069	456,000	10,228,222
(Sold) / purchased during the period		(10,504,000)	2,001,000	47,000	22,048,000	13,592,000
Transfer to long term investment - Available for sale	8.1.1	(25,872,000)	(26,396,701)	(3,171,000)	(22,504,000)	(77,943,701)
		-	-	-	-	-

8.1.1 During the previous year, the investments in above associated companies (in note 8.1) has been transferred to long term investments - Available for sale and a gain of Rs. 155.367 million, on such transfer, has been recognised in profit and loss account as "Extra ordinary item" in accordance with the requirements of International Accounting Standard IAS-28: "Investment in Associates and Joint Ventures". This is due to the fact that the common directorship between the UDL Modaraba Management Company (Private) Limited with the companies mentioned in note 8.1 no more exists.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 8.2 Listed companies

	2016	2015	2016	2015
	Number of shares		Rupees	
<b>Pharma &amp; Bio Tech</b>				
IBL HealthCare Limited	-	168,268	-	19,182,552
The Searle Company Limited	196,190	334,192	105,187,269	107,172,032
<b>Food and Personal Care Products</b>				
Gillette Pakistan Limited	193,385	193,385	55,114,725	59,949,350
Al Shaheer Corporation	66,625	-	3,478,492	-
<b>Fertilizer</b>				
Engro Fertilizers Limited	54,000	-	3,481,920	-
<b>Chemicals</b>				
United Distributors (Pakistan) limited	962,569	875,063	26,951,932	25,674,348
Lotte Pakistan PTA Ltd	181,000	-	1,087,810	-
<b>Construction and material</b>				
Pakcem limited	642,000	-	11,337,720	-
<b>Textile Composite</b>				
International Knitwear Limited	549,102	510,602	8,867,997	5,361,321
United Brands Limited	71,560	71,560	3,970,864	6,192,802
<b>Power Generation &amp; distribution</b>				
K-Electric Ltd	604,500	1,200,000	4,872,270	10,104,000
	<u>3,520,931</u>	<u>3,353,070</u>	<u>224,350,999</u>	<u>233,636,405</u>

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

8.2.2 It includes 12,000 bonus shares of The Searle Company Limited valued at Rs. 6,433,800 which have been withheld by the company in lieu of withholding income tax on bonus shares.



# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016	2015
		Rupees	
<b>9. MUSHARAKA FINANCING</b>			
<b>Secured:</b>			
Consider good			
Musharaka financing	9.1	500,000	500,000
Less: Current portion shown in current assets		<u>(500,000)</u>	<u>(500,000)</u>
		-	-
<b>Consider doubtful</b>			
Musharaka financing		5,427,676	7,677,676
Less: Provision for non performing musharaka finance		<u>(5,427,676)</u>	<u>(7,677,676)</u>
		-	-

9.1 This represents Musharaka finance for a term of 1 to 3 years.

	2016	2015
	Rupees	
<b>10. IJARAH RENTAL RECEIVABLES</b>		
Ijarah rental receivables	5,628,524	5,867,476
Income suspended	<u>(2,553,814)</u>	<u>(3,490,421)</u>
	<u>3,074,710</u>	<u>2,377,055</u>
<b>Ijarah future rental receivables</b>		
Not later than one year	103,955,514	95,900,466
Later than one year but not later than five years	91,547,459	90,707,966
	<u>195,502,973</u>	<u>186,608,432</u>

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.

	Note	2016	2015
		Rupees	
<b>11. STOCKS</b>			
Raw material		6,650,118	4,509,925
Packing material		4,737,610	3,098,633
Promotion & Printing material		540,389	627,877
Work in Process		2,271,393	4,020,056
Finished goods			
- Regular line		6,963,711	6,343,144
- Oncology		822,090	352,690
		<u>21,985,310</u>	<u>18,952,325</u>
<b>12. INVESTMENTS</b>			
- at fair value through profit or loss			
Listed companies and modaraba	12.1	<u>42,858,736</u>	<u>40,245,073</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

## 12.1 Listed companies and modaraba

	2016	2015	2016	2015
	Number of shares		Rupees	
<b>Oil &amp; Gas</b>				
Pakistan State Oil Company Limited	1,500	-	563,190	-
Hascal Petroleum	360	64,000	70,333	7,328,640
Sui Northern Gas Pipelines Limited	713	713	25,875	18,994
Oil and Gas Development Co	5,000	-	690,350	-
Pakistan Refinery	10,000	-	411,800	-
<b>Personal goods</b>				
Gillette Pakistan Limited	3,000	3,000	855,000	930,000
<b>Engineering</b>				
Mughal Iron and steel Industries	15,000	-	1,007,850	-
<b>Pharma &amp; Bio Tech</b>				
Ferozsons (Lab)	-	3,800	-	2,430,252
Highnoon (Lab)	3,644	740	2,100,402	189,566
IBL Health Care limited	156,835	-	24,908,534	-
<b>Financial Services</b>				
First Fidelity Leasing Modaraba	20,630	20,630	49,512	61,477
<b>Fertilizer</b>				
Engro Corporation Limited	3,527	27	1,174,385	8,014
Fauji Fertilizer bin Qasim	1,000	-	53,010	-
<b>Modaraba</b>				
Unicap Modaraba	36,500	36,500	52,925	51,100
First Equity Modaraba	167,000	167,000	704,740	718,100
<b>Chemical</b>				
ICI Pakistan Ltd	-	1,000	-	428,870
<b>Construction and Material</b>				
Pakcem Limited	-	500,000	-	9,730,000
Fauji Cement	-	310,000	-	10,809,700
Bestway Cement	4,300	-	746,824	-
Pioneer Cement	4,500	-	483,300	-
<b>Glass and Ceramics</b>				
Ghani Global Glass limited	100,500	-	1,819,050	-
<b>Industrial Metals &amp; Mining</b>				
Crescent Steel & Allied Products Limited	6,000	-	687,660	-
<b>Fixed Line Telecommunication</b>				
WorldCall Telecom Limited	200,000	200,000	392,000	410,000
<b>Woollen</b>				
Bannu Woollen	19,500	-	1,036,620	-
<b>Real Estate Investment</b>				
Dolmen City Reit	88,000	-	950,400	-
<b>Miscellaneous</b>				
Gammon Pakistan	47,500	108,500	629,375	1,384,460
Pakistan International Bulk terminal	107,440	160,500	3,445,601	5,745,900
			<b>42,858,736</b>	<b>40,245,073</b>

12.1.1 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, 2016

	2016	2015
	Rupees	
<b>13. ADVANCES</b>		
- To staff - considered good	1,792,741	1,337,159
- Advance against purchase of shares	-	8,677,000
- Advance against ijarah asset	2,821,500	17,994,500
- Advance against letter of credits	1,154,135	3,011,282
- Others	7,754,067	9,798,707
	<u>13,522,443</u>	<u>40,818,648</u>

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

	Note	2016	2015
		Rupees	
<b>14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b>			
Prepayments		2,598,145	1,651,695
Security deposits		13,000	13,000
Profit receivable on musharaka		15,486	15,486
Receivable from brokers		5,189,146	23,483,400
Other receivable	14.2	5,990,216	10,750,000
Others		460,980	788,631
		<u>14,266,973</u>	<u>36,702,212</u>

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

14.2 The Modaraba had entered into an agreement with M/s Maymar Housing Services (Pvt.) Limited on October 01, 2013 for the acquisition of property for office measuring 4500 sq ft. Total purchase consideration agreed was PKR 33,750,000 out of which PKR 15,000,000 was paid as advance during the year 2014.

However, the Modaraba was informed by the developer that due to unforeseen circumstances the project is on hold and they have committed to payback the entire amount of Rs. 15,000,000 by October 31, 2016 out of which Rs. 9,200,000 has already been received by the Modaraba during the period.

	Note	2016	2015
		Rupees	
<b>15. CASH AND BANK BALANCES</b>			
- cash and cash equivalents		103,795	93,795
- in current accounts		13,816,043	14,567,212
- in deposit accounts	15.1	134,469,437	78,730,820
		<u>148,389,275</u>	<u>93,391,827</u>

15.1 These accounts carry profit rate ranging from 5.5 % to 6.5 % (2015: 5 % to 8.5 %)

# Notes to the Financial Statements

for the year ended June 30, 2016

## 16. CERTIFICATE CAPITAL

2016 Number of certificates	2015 Number of certificates		2016 Rupees	2015 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>

## 17. STATUTORY RESERVE

	2016 Rupees	2015 Rupees
Balance at the beginning of the year	245,664,578	215,716,434
Transferred from profit and loss account	6,866,866	29,948,144
	<u>252,531,444</u>	<u>245,664,578</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	2016 Rupees	2015 Rupees
<b>18. LONG TERM SECURITY DEPOSITS</b>			
Long term security deposits		77,958,647	78,782,425
Less: current maturity		(44,254,091)	(36,471,660)
		<u>33,704,556</u>	<u>42,310,765</u>

## 19. DEFERRED LIABILITIES

	Note	2016 Rupees	2015 Rupees
Accrued profit on IFC income notes	19.1	<u>104,016,279</u>	<u>104,016,279</u>

19.1 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.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 20. 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.

	Note	2016	2015
		Rupees	
<b>21. ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		1,477,268	1,698,640
Advance from Customers		1,145,132	1,814,189
Other liabilities			
- Provision for taxation		2,914,629	3,678,250
- Unclaimed profit distributions	21.1	25,508,605	21,840,950
- Worker's Welfare Fund - provision		9,451,016	8,750,315
- Others		8,195,703	4,234,496
		<u>48,692,352</u>	<u>40,202,651</u>

21.1 "The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

The Management Company as a matter of abundant caution, has made the provision for WWF amounting to Rs.703,096/- in these financial statements.

## 22. CONTINGENCIES AND COMMITMENTS

### Contingencies

During the previous year, the Modaraba had received from the Searle Company Limited 240,000 bonus shares out of which 12,000 shares were withheld by the company to meet the withholding tax liability on the bonus shares under section 236 (M) of the Income Tax Ordinance, 2001. The Modaraba filed a suit against the company for the release of the shares, as the management of the company is of the view that the income of Modaraba has exemption and withholding tax under the section 236 (M) is not applicable. The Honourable High Court of Sindh vide its order dated September 8, 2015, has dismissed the suit filed by the Modaraba. During the year, the management of the company has filed an appeal before a larger bench of Honourable High Court of Sindh. The management and its legal advisor are confident that the appeal will result in relief of the Modaraba.

### Commitments

There are no commitments as at the balance sheet date.

	Note	2016	2015
		Rupees	
<b>23. INCOME FROM IJARAH OPERATIONS</b>			
Ijarah rentals		113,294,807	129,149,193
Documentation fee		414,000	219,977
Loss on disposal of Ijarah assets		(478,150)	790,211
		<u>113,230,657</u>	<u>130,159,381</u>
Depreciation on assets leased out under Ijarah	6	(93,076,132)	(103,666,595)
		<u>20,154,525</u>	<u>26,492,786</u>



# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016	2015
		Rupees	
<b>24. INCOME FROM INVESTMENTS</b>			
Dividend income	24.1	3,880,558	660,125
Gain on sale of securities		79,019,258	61,110,195
		<u>82,899,816</u>	<u>61,770,320</u>
<b>24.1 Investee</b>			
Arif Habib Corporation Ltd		-	190,000
Bannu Woolen Mills Ltd		79,500	-
Bestway Cement Ltd		10,750	-
Crescent Steel & Allied Product Ltd		20,400	-
Dolmen City Reit		27,282	-
Engro Corporation Ltd		7,704	-
Engro Fertilizers Ltd		174,000	-
Fauji Cement Company Ltd		45,000	280,000
Ferozsons Laboratories Ltd		150,000	-
First Equity Modaraba		-	103,125
Gillette Pakistan Ltd		981,925	-
Hascol Petroleum Ltd		2,660	-
HighNoon Laboratories Ltd		-	65,000
IBL Health care Ltd		185,536	-
International Knitwear Ltd		549,102	-
Maple Leaf Cement Factory Ltd		-	10,000
Pakistan Petroleum Ltd		34,175	-
Pakistan State Oil Company Ltd.		-	12,000
Pioneer cement Ltd		380,000	-
The Searle Company Ltd		1,160,964	-
United Brands Ltd		71,560	-
		<u>3,880,558</u>	<u>660,125</u>
<b>25. SALES - PHARMA</b>			
- Local			
Regular Line		96,490,329	34,598,070
Oncology		17,585,595	967,500
		<u>114,075,924</u>	<u>35,565,570</u>
- Less:			
Sales return		7,770,213	1,762,801
Sales discount		44,395,955	11,157,564
		<u>52,166,168</u>	<u>12,920,365</u>
Net Sales		<u>61,909,755</u>	<u>22,645,205</u>
<b>26. INCOME FROM OTHER SOURCES</b>			
Gain/(Loss) on disposal of fixed assets		3,233,217	(45,227)
Profit on deposits with banks		2,934,644	10,525,828
Miscellaneous		5,968	2,216
		<u>6,173,830</u>	<u>10,482,817</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

	Note	2016	2015
		Rupees	
<b>27. COST OF GOODS SOLD</b>			
-Raw material and packing material			
Opening stock		7,608,559	2,507,495
Add: Purchases during the year		<u>28,118,141</u>	<u>20,214,595</u>
		<u>35,726,700</u>	<u>22,722,090</u>
Less: Closing stock		<u>(11,387,727)</u>	<u>(7,608,559)</u>
Raw material and packing material consumed		<u>24,338,973</u>	<u>15,113,531</u>
Stores, spares & supplies		814,895	1,186,385
Salaries, wages & other benefits		18,682,469	11,458,346
Fuel & power		4,175,459	4,427,633
Insurance		902,178	693,468
Repair & maintenance		792,156	1,578,149
Depreciation	6.2	12,582,428	11,844,392
Entertainment		1,001,142	1,084,290
Travel & conveyance		1,670,729	974,342
Postage & stationary		-	16,369
Miscellaneous		<u>599,546</u>	<u>361,911</u>
		<u>65,559,975</u>	<u>48,738,816</u>
-Finished Goods			
Opening stock		<u>10,715,890</u>	<u>6,458,881</u>
Add: Purchases during the year		<u>4,839,269</u>	<u>676,087</u>
		<u>15,555,159</u>	<u>7,134,968</u>
Closing stock		<u>(10,057,194)</u>	<u>(10,715,890)</u>
		<u>71,057,940</u>	<u>45,157,894</u>
<b>28. SELLING &amp; DISTRIBUTION</b>			
Salaries, wages & other benefits		2,775,515	13,088,412
Insurance		-	1,971
Conveyance		18,569,712	11,762,724
Marketing		1,383,620	5,854,341
Transportation		-	1,061,820
		<u>22,728,847</u>	<u>31,769,268</u>
<b>29. OPERATING EXPENSES</b>			
Salaries and other staff benefits	29.1	21,930,951	22,067,445
Travelling and conveyance		2,573,777	2,140,949
Vehicles running and maintenance		664,225	820,214
Communication		2,071,935	2,283,438
Printing and stationery		2,056,400	1,029,230
Rent, rates and taxes		3,609,309	2,267,496
Repair and maintenance		990,262	740,090
Legal and professional charges		1,458,639	2,350,586
Share transaction charges		362,401	672,951
Insurance		403,535	262,213
Entertainment		298,630	467,087
Consultancy fee		366,671	208,334
Fee and subscription		1,803,871	630,659
Auditors' remuneration	29.2	363,720	337,000
Advertisement		134,370	131,980
Depreciation	6.2	8,429,391	8,263,309
Amortization		300,000	300,000
Donation	29.3	-	-
Other expenses		<u>341,126</u>	<u>3,649,116</u>
		<u>48,159,213</u>	<u>48,622,097</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

## 29.1 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:

	2016			2015		
	Officers	Employees	Total	Officers	Employees	Total
	← Rupees →					
Salaries & allowances	10,714,392	8,563,136	19,277,528	6,279,979	12,993,062	19,273,041
Provident fund	675,300	291,416	966,716	507,131	1,049,236	1,556,367
Medical expenses	517,567	1,169,140	1,686,707	403,405	834,632	1,238,037
	<u>11,907,259</u>	<u>10,023,692</u>	<u>21,930,951</u>	<u>7,190,515</u>	<u>14,876,930</u>	<u>22,067,445</u>
Number of persons	<u>17</u>	<u>37</u>	<u>54</u>	<u>14</u>	<u>75</u>	<u>89</u>

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

## 29.2 Auditors' remuneration

	2016	2015
	Rupees	
Audit fee	270,000	270,000
Half yearly review fee	25,000	25,000
Certification fee	15,000	15,000
Out-of-pocket expenses	53,720	27,000
	<u>363,720</u>	<u>337,000</u>

29.3 The Directors of the Modaraba Management Company do not have any interest in donations made during the year.

## 30. FINANCIAL CHARGES

	2016	2015
	Rupees	
Bank charges	<u>135,972</u>	<u>106,568</u>

## 31. SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Modaraba has made provision for sales tax on management company's remuneration for the current year. However, the management has not made the provision for comparative year, as the management company has obtained stay order from Honourable Sindh High Court(Larger Bench).

## 32. PROVISION FOR TAXATION

The income of the Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

# Notes to the Financial Statements

for the year ended June 30, 2016

	2016	2015
	Rupees	
<b>33. EARNINGS PER CERTIFICATE - basic and diluted</b>		
Profit for the year	<u>34,334,331</u>	<u>149,740,720</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>1.30</u>	<u>5.67</u>

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

## 34. 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:

		2016	2015
		Rupees	
<b>Transactions</b>	<b>Relationship</b>		
Management fee	Management company	<u>3,949,834</u>	<u>16,977,406</u>
Dividend paid to Management Company	Management company	<u>10,505,040</u>	<u>8,890,164</u>
Balance as at the year end Payable to Modaraba Management Company		<u>6,678,843</u>	<u>13,726,992</u>

## 35. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### 35.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

# Notes to the Financial Statements

for the year ended June 30, 2016

## 35.2 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.

### Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2016 is the carrying amount of the financial assets as set out below:

	Note	2016	2015
		Rupees	
<b>Business</b>			
Musharaka Finance		500,000	500,000
Trade debtors (Pharma)		4,661,140	4,661,140
Investments		40,245,073	40,245,073
Ijarah receivables		2,377,055	2,377,055
Deposits		142,100	142,100
Advances and other receivables		42,370,648	42,370,648
Bank balances		93,391,827	93,391,827
		<u>183,687,843</u>	<u>183,687,843</u>

The aging of Ijarah receivable at the reporting date

Past due 1-30 days	10	3,074,710	2,377,055
Past due over 30-90 days	10	2,553,814	3,490,421
Less: Provision for non-performing assets	10	(2,553,814)	(3,490,421)
		<u>3,074,710</u>	<u>2,377,055</u>

### Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political and other conditions.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Modaraba's concentration of credit risk by industrial distribution are as follows:

Segment by class of business of major Ijarah assets	2016		2015	
	Rupees	%	Rupees	%
Modaraba	3,880,072	1.98%	1,328,094	0.71%
Cargo, Trading & distribution	61,528,198	31.47%	35,113,512	18.82%
Investment companies, firms & bank	615,481	0.31%	1,527,627	0.82%
Textile, Chemical & Pharmaceuticals	13,067,294	6.68%	27,847,035	14.92%
Food & Beverages	8,157,219	4.17%	1,582,283	0.85%
Individual	40,661,238	20.80%	34,227,447	18.34%
Miscellaneous	67,593,471	34.57%	84,982,434	45.54%
	<u>195,502,973</u>	<u>100.00%</u>	<u>186,608,432</u>	<u>100.00%</u>



# Notes to the Financial Statements

for the year ended June 30, 2016

35.2.1 Modaraba's operations are restricted to Pakistan only.

## 35.3 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.

	2016			
	Upto one year	One year to five years	Over five years	Total
	Rupees			
<b>Financial assets</b>				
Long term investments	-	224,350,999	-	224,350,999
Ijarah rental receivables	3,074,710	-	-	3,074,710
Musharaka receivables	500,000	-	-	500,000
Trade receivables (Pharma division)	12,255,181	-	-	12,255,181
Financial assets	42,858,736	-	-	42,858,736
Other receivables	460,980	-	-	460,980
Profit due on musharaka receivables	15,486	-	-	15,486
Bank balances	148,389,275	-	-	148,389,275
(a)	<u>207,554,369</u>	<u>224,350,999</u>	<u>-</u>	<u>431,905,368</u>
<b>Financial liabilities</b>				
Security deposits	44,254,091	33,704,556	-	77,958,647
Deferred liabilities	-	104,016,279	-	104,016,279
Payable to management company	6,678,843	-	-	6,678,843
Accrued and other liabilities	48,692,352	-	-	48,692,352
(b)	<u>99,625,286</u>	<u>137,720,835</u>	<u>-</u>	<u>237,346,121</u>
On-balance sheet gap	(a) - (b)	<u>107,929,082</u>	<u>86,630,164</u>	<u>194,559,247</u>
<b>2015</b>				
	Upto one year	One year to five years	Over five years	Total
	Rupees			
<b>Financial assets</b>				
Long term investments	-	233,636,406	-	233,636,406
Ijarah rental receivables	2,377,055	-	-	2,377,055
Musharaka receivables	500,000	-	-	500,000
Trade receivables (Pharma division)	4,661,140	-	-	4,661,140
Financial assets	40,245,073	-	-	40,245,073
Other receivables	499,515	-	-	499,515
Bank balances	93,391,827	-	-	93,391,827
(a)	<u>141,674,609</u>	<u>233,636,406</u>	<u>-</u>	<u>375,311,015</u>
<b>Financial liabilities</b>				
Long term security deposits	36,471,660	42,310,765	-	78,782,425
Deferred liabilities	-	104,016,279	-	104,016,279
Payable to management company	13,726,992	-	-	13,726,992
Accrued and other liabilities	40,202,651	-	-	40,202,651
(b)	<u>90,401,303</u>	<u>146,327,044</u>	<u>-</u>	<u>236,728,347</u>
On-balance sheet gap	(a) - (b)	<u>51,273,306</u>	<u>87,309,362</u>	<u>138,582,669</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

## 35.4 Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities 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.

### Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market.

### Exposure:

The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2016, the fair value of equity exposed to price risk was as follows:

	Average Cost	Fair Value	Average Cost	Fair Value
	2016		2015	
	← Rupees →			
Particulars:				
Equity securities	<u>165,243,460</u>	<u>267,209,735</u>	<u>52,181,454</u>	<u>273,881,478</u>

### Risk management

The Modaraba's policy is to manage price risk through diversified and selection of securities and other financial instruments within specified limits set by Investment Committee. The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by stock exchange at which is set as per the trading trend and volumes in the security.

### Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

### Risk exposure

The Modaraba has Ijarah portfolio. The majority of Ijarah portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on Ijarah portfolio on quarterly/six monthly basis.

As at June 30, 2016, the profit of the Modaraba's variable value financial instruments were as follows:

	2016	2015
	Rupees	
Variable rate instruments		
Musharaka financing	500,000	500,000
Islamic deposits	134,469,437	78,730,820
	<u>134,969,437</u>	<u>79,230,820</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

## Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset / liability class (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2016	2015
		Rupees	
Musharaka financing	100 basis points	5,000	5,000
Islamic deposits	100 basis points	<u>1,344,694</u>	<u>787,308</u>

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

## 36. 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.

	2016	2015
	Rupees	
<b>36.1 Financial instruments by category</b>		
<b>Loans and receivables</b>		
Long term advances and deposits	-	-
Ijarah rental receivables	3,074,710	2,377,055
Trade receivables (Pharma division)	12,255,181	4,661,140
Advances	13,522,443	42,370,648
Other receivables	460,980	499,515
Bank balances	<u>148,389,275</u>	<u>93,391,827</u>
<b>Financial assets at fair value through profit or loss</b>		
Short term investments - investments at fair value through profit or loss	42,858,736	48,503,923
<b>Available-for-sale financial assets</b>		
Long term investments	224,350,999	233,636,405
	<b>(a)</b>	<b>(a)</b>
	<u>444,912,325</u>	<u>425,440,514</u>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Security deposits	77,958,647	78,782,425
Accrued profit on IFC income notes	104,016,275	104,016,275
Payable to management company	6,678,843	13,726,992
Accrued and other liabilities	48,692,352	40,202,651
	<b>(b)</b>	<b>(b)</b>
	<u>237,346,117</u>	<u>236,728,343</u>
	<b>(a)-(b)</b>	<b>(a)-(b)</b>
	<u>207,566,208</u>	<u>188,712,171</u>

## 36.2 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.

The modaraba operates a recognize provident funds for all eligible employees and contributions to the provident fund are made at the rate of 10% of the basic salary of employees.

# Notes to the Financial Statements

for the year ended June 30, 2016

## 37. 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:

2016	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	-	-	-	-	-	224,350,999	224,350,999	224,350,999
Ijarah rental receivables	-	3,074,710	-	3,074,710	-	-	-	3,074,710
Musharaka receivables - secured	-	500,000	-	500,000	-	-	-	500,000
Trade debts (Pharma)	-	-	-	-	-	-	-	-
Financial assets	-	-	-	-	12,255,181	-	12,255,181	12,255,181
Advances	-	-	-	-	42,858,736	-	42,858,736	42,858,736
Other receivables	-	-	-	-	13,522,443	-	13,522,443	13,522,443
Bank balances	-	-	-	-	460,980	-	460,980	460,980
	5.5% to 6.5%	134,469,437	-	134,469,437	13,816,043	-	13,816,043	148,285,480
	(A)	138,044,147	-	138,044,147	82,913,384	-	307,264,383	445,308,530
Financial liabilities								
Long term security deposits	-	-	-	-	44,254,091	33,704,556	77,958,647	77,958,647
Deferred liabilities	-	-	-	-	104,016,279	-	104,016,279	104,016,279
Payable to management company	-	-	-	-	6,678,843	-	6,678,843	6,678,843
Accrued and other liabilities	-	-	-	-	48,692,352	-	48,692,352	48,692,352
	(B)	-	-	-	203,641,565	33,704,556	237,346,121	237,346,121
On-balance sheet gap	(A)-(B)	138,044,147	-	138,044,147	(120,728,182)	190,646,443	69,918,262	207,962,409
Non-financial assets								
Non-financial liabilities								
Total net assets								850,989,173

# Notes to the Financial Statements

for the year ended June 30, 2016

2015	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	-	-	-	-	-	216,545,695	216,545,695	216,545,695
Long term advances and deposits	-	-	-	-	-	-	-	-
Ijarah rental receivables	-	2,377,055	-	2,377,055	-	-	-	2,377,055
Musharaka receivables - secured	-	500,000	-	500,000	-	-	-	500,000
Trade debts (Pharma)	-	-	-	-	4,661,140	-	4,661,140	4,661,140
Financial assets	-	-	-	-	40,245,073	-	40,245,073	40,245,073
Advances	-	-	-	-	42,370,648	-	42,370,648	42,370,648
Profit due on Musharaka receivables	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	499,515	-	499,515	499,515
Bank balances	5% to 8.5%	78,730,820	-	78,730,820	14,567,212	-	14,567,212	93,298,032
	(A)	81,607,874	-	81,607,874	102,343,588	-	318,889,283	400,497,158
Financial liabilities								
Long term security deposits	-	-	-	-	36,471,660	42,310,765	78,782,425	78,782,425
Deferred liabilities	-	-	-	-	104,016,279	-	104,016,279	104,016,279
Payable to management company	-	-	-	-	13,726,992	-	13,726,992	13,726,992
Accrued and other liabilities	-	-	-	-	40,202,651	-	40,202,651	40,202,651
	(B)	-	-	-	194,417,582	42,310,765	236,728,347	236,728,347
On-balance sheet gap	(A)-(B)	81,607,874	-	81,607,874	(92,073,994)	174,234,930	82,160,937	163,768,811
Non-financial assets								616,600,974
Non-financial liabilities								-
Total net assets								780,369,785

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, 2016

## 38. 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.

## 39. INFORMATION ABOUT BUSINESS SEGMENTS

	2016					Consolidated
	Musharaka	Investments	Ijarah operations	Manufacturing Pharma	Others	
	← Rupees →					
Segment Revenues	4,000,000	82,899,816	113,230,657	61,909,755	6,173,830	268,214,058
Segment Results						
Segment income and Sales	4,000,000	82,899,816	113,230,657	61,909,755	-	262,040,228
Other income	-	-	-	-	6,173,830	6,173,830
Operating expenses	-	-	(93,076,132)	(45,006,742)	-	(138,082,881)
Manufacturing expenses	-	-	-	(71,057,940)	-	(71,057,940)
Unallocated operating expenses	-	-	-	-	(26,717,985)	(26,717,985)
Modaraba company's management fee	-	-	-	-	(4,463,313)	(4,463,313)
Unrealized gain	-	6,442,391	-	-	-	6,442,391
Profit for the year	4,000,000	89,342,206	20,154,525	(54,154,926)	(25,007,468)	34,334,331
Other information						
Capital expenditure	-	-	127,587,950	11,243,684	1,259,100	140,090,734
Depreciation	-	-	93,076,128	17,977,207	3,034,612	114,087,947
Assets and liabilities						
Segment assets	500,000	267,209,735	211,921,567	62,029,907	-	541,661,209
Unallocated assets	-	-	-	-	338,711,675	338,711,675
Consolidated total assets	500,000	267,209,735	211,921,567	62,029,907	338,711,675	880,372,885
Segment liabilities	-	-	77,958,647	-	-	77,958,647
Unallocated liabilities	-	-	-	-	159,387,474	159,387,474
Consolidated total liabilities	-	-	77,958,647	-	159,387,474	237,346,121

# Notes to the Financial Statements

for the year ended June 30, 2016

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

	2015					Consolidated
	Musharaka	Investments	Ijarah operations	Manufacturing Pharma	Others	
	Rupees					
Segment Revenues	3,933,689	61,770,320	130,159,381	22,645,205	10,482,817	228,991,413
<b>Segment Results</b>						
Segment income and Sales	3,933,689	61,770,320	130,159,381	22,645,205	-	218,508,595
Other income	-	-	-	-	10,482,817	10,482,817
Operating expenses	-	-	(103,666,594)	(54,880,839)	-	(158,547,433)
Manufacturing expenses	-	-	-	(45,157,894)	-	(45,157,894)
Unallocated operating expenses	-	-	-	-	(28,673,029)	(28,673,029)
Modaraba company's management fee	-	-	-	-	(16,977,406)	(16,977,406)
Unrealized gain	-	1,840,510	-	-	-	1,840,510
Extra ordinary item	-	155,661,599	-	-	-	155,661,599
Share of profit from associates	-	12,602,960	-	-	-	12,602,960
Profit for the year	<u>3,933,689</u>	<u>231,875,389</u>	<u>26,492,787</u>	<u>(77,393,527)</u>	<u>(35,167,617)</u>	<u>149,740,721</u>
<b>Other information</b>						
Capital expenditure	-	-	91,353,200	15,072,318	1,017,848	107,443,366
Depreciation	-	-	103,666,594	18,222,093	1,885,607	123,774,294
<b>Assets and liabilities</b>						
Segment assets	500,000	268,867,394	209,671,913	205,624,882	-	684,664,189
Unallocated assets	-	-	-	-	182,794,135	182,794,135
Consolidated total assets	<u>500,000</u>	<u>268,867,394</u>	<u>209,671,913</u>	<u>205,624,882</u>	<u>182,794,135</u>	<u>867,458,323</u>
Segment liabilities	-	-	78,782,425	-	-	78,782,425
Unallocated liabilities	-	-	-	-	157,945,921	157,945,921
Consolidated total liabilities	-	-	<u>78,782,425</u>	-	<u>157,945,921</u>	<u>236,728,346</u>

# Notes to the Financial Statements

for the year ended June 30, 2016

	2016	2015
40. NUMBER OF EMPLOYEES		
As at year end	<u>54</u>	<u>89</u>

## 41. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed dividend for the year ended June 30, 2016 of Rs 1/- per certificate (2015: Rs. 2.50/- per certificate), amounting to Rs. 26,386,589/- (2015: Rs. 65,966,473/-) at their meeting held on September 23rd, 2016. The financial statements for the year ended June 30, 2016 do not include the effect of the above which will be accounted for in the period in which it is declared.

## 42. CORRESPONDING FIGURES

The corresponding figures, wherever necessary, have been re-arranged for purpose of better comparison. The major reclassification is as follows

Reclassified from	Reclassified to	in "Rupees"
Stock Finished goods	Stock Work in process	4,020,056
Trade Debtors	Accrued and other liabilities Advance From Customers	1,814,189
Advances Advance against ijarah asset	Fixed assets - tangible Assets leased out under Ijarah	1,552,000

## 43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 23rd, 2016 by the Board of Directors of the Modaraba Management Company.

## 44. GENERAL

The figures have been rounded off to the nearest rupees.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2016

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
845	1	to 100	37,112
816	101	to 500	224,268
553	501	to 1000	447,729
678	1001	to 5000	1,510,798
119	5001	to 10000	916,793
45	10001	to 15000	591,224
49	15001	to 20000	884,104
24	20001	to 25000	553,995
8	25001	to 30000	229,311
8	30001	to 35000	262,758
9	35001	to 40000	341,590
6	40001	to 45000	251,540
6	45001	to 50000	296,448
2	50001	to 55000	104,000
2	55001	to 60000	112,500
3	60001	to 65000	191,600
2	65001	to 70000	140,000
2	70001	to 75000	146,520
2	75001	to 80000	153,500
1	80001	to 85000	82,000
3	85001	to 90000	268,000
1	95001	to 100000	100,000
3	100001	to 105000	310,485
1	110001	to 115000	113,955
1	115001	to 120000	119,500
2	125001	to 130000	256,000
1	130001	to 135000	135,000
1	140001	to 145000	144,453
1	145001	to 150000	150,000
1	150001	to 155000	153,491
1	155001	to 160000	156,758
2	165001	to 170000	335,900
1	175001	to 180000	180,000
1	200001	to 205000	202,000
1	220001	to 225000	222,707
2	245001	to 250000	497,000
1	295001	to 300000	300,000
1	330001	to 335000	331,386
1	545001	to 550000	550,000
1	705001	to 710000	709,588
2	745001	to 750000	1,500,000
1	755001	to 760000	755,625
2	1495001	to 1500000	3,000,000
1	2200001	to 2205000	2,202,016
1	2735001	to 2740000	2,736,964
1	3475001	to 3480000	3,477,971
<u>3215</u>			<u>26,386,589</u>

# Categories of Certificate Holders

As at June 30, 2016

Categories of Certificateholders	Certificateholder	Certificate Held	Percentage (%)
<b>Directors and their spouse(s) and minor children</b>			
Ather Naqi	2	3,617	0.01
Majid Hasan	1	2,983	0.01
Syed Mohammad Nasir Raza Rizvi	1	13,508	0.05
Shuja Malik	1	1,500,000	5.68
<b>Associated Companies, undertakings and related parties</b>			
International Brands (Pvt.) Ltd.	2	4,378	0.02
UDL Modaraba Management (Private) Limited	2	4,938,980	18.72
<b>Executives</b>			
	-	-	-
<b>Public Sector Companies and Corporations</b>			
	6	439,503	1.67
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	15	397,089	1.50
<b>Mutual Funds</b>			
Golden Arrow Selected Stocks Fund Ltd.	1	3,000	0.01
CDC - Trustee National Investment (Unit) Trust	1	755,625	2.86
<b>General Public</b>			
a. Local	3146	17,162,444	65.04
b. Foreign	1	1,580	0.01
<b>Foreign Companies</b>			
Others	1	2,152	0.01
	35	1,161,730	4.40
<b>Totals</b>	<b>3215</b>	<b>26,386,589</b>	<b>100.00</b>

## Certificate holders holding 5% or more

	Shares Held	Percentage
UDL Modaraba Management (Private) Limited	4,938,980	18.72
Khalid Malik	3,503,879	13.28
Shuja Malik	1,500,000	5.68
Shahida Malik	1,500,000	5.68







# Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of the certificate holders of the **FIRST UDL MODARABA, Manage by UDL Modaraba Management (Private) Limited** held on Wednesday, October 26, 2016 at 09:30 a.m. at 6th Floor, Office No # 602, Progressive Centre, 30-A, Block-6, PECHS, Karachi to consider the following;

## AGENDA

1. To receive, consider and adopt the audited accounts together with Auditors' Report and Director's Report of First UDL Modaraba for the year ended June 30, 2016.
2. To appoint and fix the statutory auditors remuneration. The present auditors M/s Munif Ziauddin & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their appointment as auditors of the Modaraba for the financial year ending June 30, 2017.
3. To transact any other business with the permission of the chair.

By order of the board

-Sd-

Syed Aamir Hussain  
Company Secretary

Karachi: October 5th, 2016

## NOTES:

1. A certificate holder entitled to attend and speak at the Annual Review Meeting and may appoint another member as his/her proxy to attend and speak on his/her behalf.
2. Proxies must be received by the Company not less than 48 hours before the Annual Review Meeting.
3. Members are requested to notify the Company promptly of any change in their addresses.

# FORM OF PROXY

The Secretary  
First UDL Modaraba  
1st Floor, Business Enclave,  
77-C, 12th Commercial Street,  
Off: Kh-e-Ittehad, DHA Phase II (Ext.)  
Karachi-75500.

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member of First UDL Modaraba and holder of \_\_\_\_\_

\_\_\_\_\_ Certificates as per Certificate Register Folio \_\_\_\_\_

(No. of Certificate) \_\_\_\_\_

No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_

And Sub. Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Annual Review Meeting of the Modaraba to be held on September 26, 2016 and at any adjournment thereof.

## WITNESSES 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC /Passport No. \_\_\_\_\_

Address \_\_\_\_\_

## WITNESSES 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC /Passport No. \_\_\_\_\_

Address \_\_\_\_\_

The signature should agree with  
specimen registered with the  
Modaraba.

Signature on Rs. 5/-  
revenue stamps

## Note :

1. This proxy form duly completed and signed, must be received at the Registered Office of the Modaraba or Share Registrar of the Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Modaraba, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Modaraba, all such instruments of proxy shall be rendered invalid.

## For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Modaraba.

سیکرٹری  
فرسٹ یوڈی ایل مضاربہ  
فرسٹ فلور، بزنس انکلیو،  
12th، 77-C، کمرشل اسٹریٹ، خیابان اتحاد،  
ڈی ایچ اے فیز 2، (Ext.) - کراچی - 75500

## پراکسی فارم

میں / ہم - برائے - فرسٹ یوڈی ایل مضاربہ کے ممبر (ز) اور - سرٹیفکیٹس کے  
ہولڈر بطور سرٹیفکیٹ رجسٹرڈ فوٹیو / CDC اکاؤنٹ نمبر - تقرر کرتا ہوں - فوٹیو / CDC اکاؤنٹ نمبر - اور  
اور - شناختی کارڈ / پاسپورٹ نمبر - جس کے ذریعے - فوٹیو / CDC  
اکاؤنٹ نمبر - کا شناختی کارڈ / پاسپورٹ نمبر - جو مضاربہ کا ممبر بھی ہے میرے / ہمارے پراکسی کے طور پر مجھے / ہمیں  
سالانہ ریویو میٹنگ جو 26 ستمبر 2016 منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے۔

### گواہان:

دستخط  
نام  
ایڈریس  
شناختی کارڈ / پاسپورٹ نمبر

### گواہان:

دستخط  
نام  
ایڈریس  
شناختی کارڈ / پاسپورٹ نمبر

5 روپے کے ریویو ٹکٹ پر  
دستخط

یہ دستخط مضاربہ کے پاس رجسٹرڈ شدہ  
دستخط جیسی ہونی چاہیے

### اہم نکات:

- 1- میٹنگ سے 48 گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو مضاربہ کے رجسٹرڈ آفس یا کمپنی کے شیئر رجسٹرار کے پاس جمع کرادیا جائے۔
- 2- کوئی بھی فرد خود سے ممبر کے طور پر کام نہیں کر سکتا جب تک کہ مضاربہ کسی فرد کو ممبر مقرر نہ کرے۔
- 3- اگر کوئی ممبر ایک سے زائد نمائندہ مقرر کرتا ہے اور ممبر کی جانب سے مضاربہ کو نمائندہ کی ایک سے زائد دستاویز جمع کرواتا ہے تو نمائندہ کی اس طرح کی تمام دستاویزات غیر قانونی تصور ہوں گی۔

### برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

- i- پراکسی کے لیے دو لوگوں نے گواہی دی وہ جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
- ii- پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- iii- پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- iv- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف آٹارنی مع دستخط کے نمونے پراکسی کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) مضاربہ میں جمع کروانی ہوگی۔



















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**First UDL Modaraba**

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