



First UDL Modaraba

ANNUAL
REPORT

2018

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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
Farah Qureshi Non-Executive Director
Abdul Rahim Suriya Non-Executive Director

Company Secretary & CFO

Syed Aamir Hussain

Audit Committee

Abdul Rahim Suriya Chairman
Majid Hasan Member
Farah Qureshi Member

Human Resource & Remuneration Committee

Majid Hasan Chairman
Farah Qureshi Member
Abdul Rahim Suriya Member

Auditors

Muniff Ziauddin & Co.
Chartered Accountants

Bankers

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.

Associated Company

UDL Pharmaceuticals Pakistan (Pvt.) Ltd.

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 June 30, 2018.

Financial Results

Year ended
30.06.18 Year ended
30.06.17
(Rupees in thousands)

Financial results are summarized as under :

Net (Loss)/profit after tax for the year	(7,232)	32,529
Add: Un-appropriated profit brought forward	1,717	4,719
(Loss)/Profit available for appropriation	(5,515)	37,248
Appropriations:		
Statutory reserve	-	6,506
Profit distribution	-	29,025
- Final @NIL (2017: 11%)	-	35,531
Un-appropriated (loss)/profit carried forward	(5,515)	1,717
(Loss)/Earnings per certificate	(0.27)	1.23

Review of Operations:

During the year, total income of the Modaraba was Rs. 233.40 million against Rs. 225.16 million in the previous fiscal year, an improvement of 4%. Total income from Financial activities was Rs. 75.61 million as compared to Rs. 79.74 million in the corresponding period. Income from Pharmaceutical business also improved by 9% to Rs. 157.79 million against Rs. 145.42 million from last year.

Despite an overall increase in income, there was an operating loss of Rs. 2.27 million, which improved by 62% as compared to an operating loss of Rs. 5.93 million in the same period of last year.

The operating loss coupled with an unrealized loss of Rs. 2.62 million and provision for taxation, resulted in a net loss of Rs. 7.2 million as compared with a net profit of Rs. 32.53 million in the corresponding period of last year.

MAJOR DECISION REGARDING PHARMACEUTICAL OPERATIONS

The management had always been very hopeful that it would manage to break even by 2019, however, due to circumstances beyond our control it now appears highly unlikely that it could be achieved. Firstly, during the year, the rupee depreciated by around 20% and there was tax imposed on manufacturing activities of the Modaraba. Coupled with other factors like the Government's policies towards the pharmaceutical industry, the management was forced to re-visit their business strategies. After due deliberations, it was decided that due to the weakening of the rupee and the overall current economic scenario it would not be feasible for the Modaraba to continue pharma operations. Therefore, it was decided to discontinue operations of the Pharmaceutical division.



Directors' Report

FINANCIAL ACTIVITIES

The Modaraba would continue its financial activities and would divert all its future cash flows and its resources to focus on such activities.

Profit Distribution

The Board of Directors has approved to issue bonus certificates in the proportion of 01 certificate for every 10 certificates held i.e. 10% for the year ended June 30, 2018.

Shariah Compliance and Audit Mechanism

Under the laws, rules and regulations governing the Modaraba and further as stipulated in the Prospectus, your Modaraba, has complied with the Shariah guidelines and audit mechanism as reported by the Shariah advisor.

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:

The audit Committee of the Board has been re-constituted and members of the said Committee are as follows;

- | | | |
|----|---------------------|-----------|
| 1) | Mr. A. Rahim Suriya | Chairman |
| 2) | Mr. Majid Hasan | Member |
| 3) | Ms. Farah Qureshi | 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	Meetings Eligibility	Meetings Attended	Absence
1)	Mr. Ather Naqi	4	4	-
2)	Mr. Majid Hasan	4	3*	1
3)	Syed Nasir Raza	4	4	-
4)	Mr. Shuja Malik	4	4	-
5)	Mr. A. Rahim Suriya	4	4	-

* 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, 2018 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, 2018, have been duly complied along with the auditors review report is and annexed herewith.

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, 2019.

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 (SECP), the State Bank of Pakistan (SBP) and the Drug Regulatory Authority of Pakistan (DRAP) 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

Date: 27th September'2018.



ڈائریکٹرز کی رپورٹ

یو ڈی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (مضاربہ کی مینجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز، 30 جون، 2018ء کو ختم شدہ سال کیلئے آڈٹ شدہ حسابات کے ساتھ مضاربہ کی سالانہ رپورٹ سرٹیفکیٹ ہولڈرز کو پیش کرتے ہوئے پُرسرت ہے۔

اختتام سال	اختتام سال
30 جون 17	30 جون 18
(ہزار روپے میں)	

32,529	(7,232)
4,719	1,717
37,248	(5,515)
6,506	-
29,025	-
35,531	-
1,717	(5,515)
1.23	(0.27)

مالیاتی نتائج:

مالیاتی نتائج درج ذیل کے مطابق خلاصہ شدہ پیش ہے۔

سال کیلئے بعد از ٹیکس خالص (نقصان) / منافع جمع کریں: غیر اختصاص کردہ منافع آگے بھیجا گیا اختصاص کیلئے دستیاب (نقصان) / منافع

اختصاصات:

قانونی ذخیرہ
تقسیم منافع

غیر اختصاص کردہ (نقصان) / منافع آگے لایا گیا
(نقصان) / نفع فی سرٹیفکیٹ

آپریٹنگز کا جائزہ:

اس سال کے دوران، مضاربہ کی کل آمدن پچھلے مالی سال میں 225.16 ملین روپے کے مقابلے میں 233.40 ملین روپے تھی، یعنی 4% بہتر۔ مالیاتی سرگرمیوں سے مطابقتی سال میں 79.74 ملین روپے کے مقابلے میں 75.61 ملین روپے تھی۔ ادویات سازی کے کاروبار سے آمدن 9% سے بڑھتے ہوئے پچھلے سال کی 145.42 ملین روپے سے بڑھ کر مقابلتا 157.79 ملین روپے تھی۔

آمدن میں مجموعی اضافے کے باوجود 2.27 ملین روپے کا عملی نقصان بھی تھا، جو 62% سے بڑھ کر اسی عرصے میں مقابلتا 5.93 ملین روپے کے عملی نقصان کے برابر تھا۔

عملی نقصان مع 2.62 ملین روپے کے غیر حقیقی نقصان اور ٹیکسیشن کیلئے فراہم رقم کے مطابقتی عرصے میں 32.53 ملین روپے کے خالص منافع کے مقابلے میں 7.2 ملین روپے کے خالص نقصان پر منتج ہوا۔

ادویات سازی کے افعال سے متعلق بڑا فیصلہ:

مینجمنٹ ہمیشہ سے پر امید ہے کہ وہ 2019ء سے نہ نافع نا نقصان کے مقام تک پہنچنے کو منظم کر لے گی، تاہم کچھ واقعات کے سبب اب ایسا ممکن نظر نہیں آتا کہ وہ اسے حاصل کر پائے گی۔ اول یہ کہ، اس سال کے دوران، روپے کی قدر میں 20% کی کمی واقع ہوگئی اور مضاربہ کی اشیاء سازی کی سرگرمیوں پر ٹیکس عائد کر دیا گیا۔ اس کے ساتھ ہی دیگر عوامل جیسے ادویات سازی کی صنعت کی طرف حکومت کی پالیسیاں، مینجمنٹ ان کی کاروباری حکمت عملی پر از سر نو سوچنے پر مجبور ہوگئی۔ کافی مشاورت کے بعد یہ فیصلہ کیا گیا کہ روپے کی قدر میں کمی اور مجموعی طور پر موجودہ اقتصادی منظر نامے میں یہ مضاربہ کے لئے قابل عمل ہوگا کہ وہ فارمہ آپریٹنگز کو جاری نارکھے۔ لہذا یہ فیصلہ کیا گیا کہ فارماسیوٹیکل ڈویژن کے آپریٹنگز کو بند کر دیا جائے۔

ڈائریکٹرز کی رپورٹ

مالیاتی سرگرمیاں:

مضاربہ اپنی مالیاتی سرگرمیوں کو جاری رکھے گا اور اس کے تمام نقد بہاؤ اور اس کے وسائل کو ایسی سرگرمیوں سے آمدن میں اضافہ کرنے کی جانب موڑ دے گی۔ مینجمنٹ پُر امید ہے کہ مضاربہ 2019ء میں منافع درج کرنے کے قابل ہو جائے گی۔

تقسیم منافع:

بورڈ آف ڈائریکٹرز نے 2018-30 جون کو ختم شدہ سال کے لئے رکھی ہوئی ہر Certificate 10 کے لئے Certificate کے تناسب سے بونس Certificate کے اجرا کی منظوری دی ہے۔

شریعت موافقت اور آڈٹ میکنزم:

مضاربہ پر محیط قوانین، قواعد اور ضوابط کے تحت اور جیسا کہ پروسپیکیٹس میں مزید پیش کیے گئے ہیں، آپ کی مضاربہ (کمپنی) نے حتی المقدور کوشش کی ہے کہ وہ شریعت اصول ہائے رہنما اور آڈٹ میکنزم کی پیروی کرے جس کی توثیق ہمارے شریعت ایڈوائزر نے ان کی رپورٹ میں کی ہے۔

ادارہ جاتی نظم:

مضاربہ نے ایس ای سی پی کی جانب سے متعارف کردہ ادارہ جاتی نظم کے ضابطے کے تمام پہلوؤں کو نافذ کر رکھا ہے۔ مضاربہ کی مینجمنٹ (انتظامیہ) کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے امور کار کی صورت حال، اس کے افعال کے نتائج، نقد بہاؤ اور حصص (ایکویٹی) میں تبدیلیوں کو منصفانہ طور پر پیش کیا ہے۔

مضاربہ کی مناسب کتب حسابات برقرار رکھی گئی ہیں۔

مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر مالیاتی گوشواروں کی تیاری میں بروئے کار لایا گیا ہے اور تخمینہ ہائے حسابات معقول اور محتاط رائے پر مبنی ہیں۔

مضاربہ جات پر لاگو انٹرنیشنل اکاؤنٹنگ اسٹینڈرز کی مالیاتی گوشواروں کی تیاری میں پیروی کی جاتی رہی ہے۔

انٹرنل کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے مؤثر طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی رہی ہے۔

ایک جاری و ساری کاروبار کے طور پر مضاربہ کی صلاحیت پر کوئی شک نہیں کیا جاسکتا ہے۔

مندرجہ ضوابط میں تفصیل کردہ کے مطابق بہترین طور طریقوں اور ادارہ جاتی نظم سے ذرہ برابر بھی انحراف نہیں رہا ہے۔

ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے ازواج اور چھوٹے بچوں کی جانب سے اس سال کے دوران کمپنی شیئرز میں کوئی لین دین/تجارت نہیں کی گئی ہے۔

آڈٹ کمیٹی:

بورڈ کی آڈٹ کمیٹی درج ذیل کے مطابق قائم ہے اور کمیٹی کے ارکان ہیں:

- 1- جناب اے۔ رحیم سوریہ _____ چیئر مین
- 2- جناب ماجد حسن _____ ممبر
- 3- جناب فرح قریشی _____ ممبر
- 4- جناب اقبال احمد _____ سیکریٹری

چیف فنانشل آفیسر اور انٹرنل آڈیٹر نے بھی ادارہ جاتی نظم کے ضابطے کی شرائط کے مطابق اجلاس میں شرکت کی۔

ڈائریکٹرز کی رپورٹ

بورڈ اجلاس کی حاضری:

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے جس میں ڈائریکٹرز کی جانب سے شرکت حسب ذیل رہی:

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	*3	1
(3) سید ناصر رضا	4	4	-
(4) جناب شجاع مالک	4	4	-
(5) جناب عبدالرحیم سوریا	4	4	-

* غیر حاضری کی رخصت بورڈ نے دی۔

سرٹیفکیٹ ہولڈنگ کا اسلوب:

مضاربہ کی سرٹیفکیٹ ہولڈنگ کے پیٹرن (اسلوب) کا ظاہر کرین والا گوشوارہ اور اضافی معلومات بمطابق 30 جون، 2018ء اس رپورٹ میں شامل کر دی گئی ہے۔

بہترین طور طریقوں کے ساتھ مطابقت کا گوشوارہ:

بورڈ کو 30 جون 2018ء کو ختم شدہ سال کیلئے متعلقہ ضابطے کی قوانین کہ جن کی خوب پیروی کی جا رہی ہے سوائے ایک شاہدے کے جو آڈیٹرز کی جانب سے پیش کیا گیا، کو بیان کرتے ہوئے مسرت محسوس ہو رہی ہے۔ آڈٹرز ریویو رپورٹ یہاں اس کے ساتھ منسلک ہے۔

آڈٹرز:

موجودہ آڈٹرز میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں، اور چونکہ اہل ہیں، خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرر بطور آڈٹرز مضاربہ برائے اختتام مزید مالی سال 30 جون 2019ء، آڈٹ کمیٹی کی سفارش کی تائید کر دی ہے۔



ڈائریکٹرز کی رپورٹ

اظہارِ تشکر:

بورڈ اس موقع پر رجسٹرڈ مضاربہ جات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی) اور ڈرگ ریگولیٹری اتھارٹی آف پاکستان (ڈی آرای پی) کے دیگر تمام ماہل کاران کا ان کی مسلسل رہنمائی اور اعانت کیلئے اظہارِ تشکر کرتا ہے۔

بورڈ اپنے گرانقدر صارفین اور سرٹیفکیٹ ہولڈرز کا ان کے مضاربہ میں اعتماد اور بھروسے کیلئے تہہ دل سے شکریہ ادا کرنا بھی چاہے گا اور انتظامیہ اور عملے کے تمام اراکین کا ان کی لگن اور عزم کا خلوص نیت سے اعتراف کرتا ہے اور اُسے خراجِ تحسین پیش کرتا ہے۔

برائے و منجانب بورڈ

اطہر نقی

چیف ایگزیکٹو

مورخہ 27 ستمبر 2018ء



Six Years Financials

Balance Sheet Summary

(Rs. in million)

Year Ended June 30,	2013	2014	2015	2016	2017	2018
EQUITY						
Issued, subscribed & paid up capital	263.87	263.87	263.87	263.87	263.87	263.87
Satutory Reserve	201.64	215.33	245.66	252.53	259.03	259.03
Revenue Reserve and unappropriate profit	87.90	98.69	121.20	126.63	197.89	65.30
Total Equity	553.41	577.89	630.73	643.03	720.788	588.20
LIABILITIES						
Customer Security Deposit	97.33	60.84	42.31	33.704	19.221	10.310
Other Deferred Liabilities	104.02	104.01	104.01	104.01	-	-
Current Liabilities						
Current maturity of Long term Security Deposit	6.86	50.20	36.47	44.254	23.208	14.390
Other Current Liabilities	34.57	35.80	53.931	55.371	93.964	83.535
Total Liabilities	242.77	250.85	236.721	237.339	136.394	108.237
Total Equity & Liabilities	796.18	828.74	867.458	880.369	857.182	696.439
ASSETS						
Assets Leased Out	324.97	273.71	207.94	219.812	136.057	71.138
Assets in own use - Tangible	180.71	190.56	184.795	170.430	174.874	178.155
Assets in own use - Intangible	2.50	2.69	2.38	2.089	1.789	2.095
Long Term Investment	131.69	136.78	233.63	224.35	300.97	202.366
Other Long Term Assets	8.56	0.14	0.14	0.877	0.90	2.525
Capital Work in Progress	-	-	-	5.960	-	-
Diminishing Musharka Financing	-	-	-	-	39.280	32.843
Total Assets	648.43	603.88	628.258	623.526	653.873	489.423
Current Assets						
Stock	2.97	10.40	18.952	21.952	26.438	42.598
Musharka	13.12	8.75	0.500	0.500	-	-
Short Term Investments	24.89	48.50	40.245	42.858	33.179	39.966
Other Current Assets	10.92	34.33	86.112	43.12	52.103	68.591
Cash & Bank Balances	95.85	122.88	93.391	148.389	91.589	55.860
Total Current Assets	147.75	224.86	239.200	256.852	203.309	207.015
Total Assets	796.18	828.74	867.458	880.372	857.182	696.439



Income Statement Highlights

(Rs. in million)

Year Ended June 30,	2013	2014	2015	2016	2017	2018
Lease	29.12	31.91	26.55	20.15	23.23	18.766
Musharika	13.89	3.45	3.93	4.00	3.50	-
Diminishing Musharaka	-	-	-	-	2.77	7.534
Capital Gain on Investment	16.05	72.35	61.77	82.89	34.49	47.843
Sales - Pharma	1.50	17.95	22.64	61.91	145.42	157.790
Other	15.00	8.08	10.48	6.17	15.75	1.469
Total Income	75.56	133.74	125.37	175.13	225.16	233.403
EXPENSES						
Operating	33.61	40.53	48.622	48.15	53.30	46.094
Cost of goods sold - Pharma	11.71	31.98	45.15	71.05	100.46	115.804
Selling & distribution	-	13.72	31.76	22.72	77.21	71.130
Financial	0.04	0.03	0.10	0.13	0.11	2.65
Total Expenses	45.36	86.26	125.632	142.08	231.09	235.679
Share of Profit from Associates	16.07	24.47	12.60	-	-	-
Unrealized gain on investments	4.29	7.05	1.84	6.44	(5.36)	(2.622)
Gain on settlement of liability	-	-	-	-	51.58	-
Profit / (Loss) before Management Fee	50.56	79.00	169.77	39.49	40.29	(4.898)
Less:- Management Fee & Other	7.07	10.56	20.03	5.16	7.76	-
Profit before Taxation	43.49	68.44	149.74	34.33	32.53	(4.898)
Less:- Taxation	-	-	-	-	-	(2.334)
Net Profit	43.49	68.44	149.74	34.33	32.53	(7.232)
APPROPRIATIONS						
Final Dividend	52.77	55.41	65.96	26.38	29.03	-
Statutory Reserve	8.69	13.68	29.94	6.87	6.51	-
Break-up value per Certificates (Rs.)	20.97	21.90	23.90	24.36	27.32	22.29
Market Price on 30th June (Rs.)	10.00	18.78	24.78	19.50	37.70	18.65
Dividend per Certificate (Rs.)	2.00	2.10	4.50	1.00	1.10	-
Earning Per Certificate (Rs.)	1.65	2.59	5.67	1.30	1.23	(0.27)
Current Ratio (X)	3.57	2.60	2.64	2.50	1.74	2.11
Net Profit margin (%)	23.91	26.65	65.39	19.60	14.45	(3.10)
Return on Equity (%)	7.85	11.84	23.74	5.40	4.51	(1.23)
Return on Investment (%)	23.25	56.06	84.66	33.43	8.72	18.66
Dividend Payout (%)	121.45	80.96	79.36	76.85	89.22	-



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2017. Regardless of the fact that UDL Modaraba Management Limited, the Management Company of First UDL Modaraba ('the Modaraba'), is an unlisted public limited company, the Board of Directors of the Management Company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba). UDL Modaraba Management Limited ('the Management Company') has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 5 as per the following:

- a. Male: 4
- b. Female: 1

2. The Composition of board is as follows:

<u>CATEGORY</u>	<u>NAMES</u>
Independent Non Executive Directors	Mr. Majid Hasan
Non Executive Directors	Mr. Abdul Rahim Suriya Ms. Farah Qureshi
Executive Directors	Mr. Ather Naqi Mr. Shuja Malik

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including the Management Company.
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board of Directors of the Management Company / certificate holders of the Modaraba, (wherever applicable), as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All directors are compliant with necessary requirements of Directors Training Certification.



10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee:

<u>NAME</u>	<u>DESIGNATION</u>
Abdul Rahim Suriya	Chairman
Majid Hassan	Member
Farah Qureshi	Member

HR and Remuneration Committee:

<u>NAME</u>	<u>DESIGNATION</u>
Majid Hassan	Chairman
Abdul Rahim Suriya	Member
Farah Qureshi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The quarterly meetings of the committee were as per following:
 - a) Audit Committee 4 Meetings
 - b) HR and Remuneration Committee 4 Meetings
15. The board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Modaraba Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba Company 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 the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

-Sd-

Ather Naqi
Chief Executive Officer
Karachi: 27th September, 2018

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) 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, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation 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 Regulation and report if it does not and to highlight any non-compliance with the requirements of the Regulation. 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 Regulation.

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 Regulation 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and 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 requirements contained in Regulations applicable to the Modaraba for the year ended June 30, 2018.

-Sd-

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

KARACHI:

Date: 27th Sep, 2018



INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First UDL Modaraba** (the Modaraba) as at June 30, 2018 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 Modaraba (Floatation



Business Executive Centre, F/17/3, Block 8, Clifton, Karachi-75600 (Pakistan)
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

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, 2018 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.

-Sd-

KARACHI
Date: 27th Sep, 2018

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-06-18

Date: 27-09-18

Annual Shari'ah Review Report of First UDL Modaraba (FUDLM) For the year ended June 30, 2018

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, 2018 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 and workshops. Two key members attended the workshop on AAOIFI Shari'ah Standards organized by NBF & Modaraba Association of Pakistan during the period.

- 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, abdulqadirh_22@hotmail.com

Charity:

An amount of Rs. 501,715/- was collected on account of non-timely payments by customers which has already been paid in full on account of charity with the approval of concern Shari'ah Advisor.

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.

1. As regards to the investment in shares and securities, it has been confirmed that First UDL Modaraba has only Shari'ah Compliant Shares in its portfolio, except the shares of the companies turned non Shari'ah Compliant as per last accounts due to non compliance with screening criteria of amounting to Rs. 3,457,257. On my query, the management confirmed to dispose off all the Non Shari'ah Compliant Shares accordingly in the subsequent months.
2. It has been noticed that all the surplus funds in the Modaraba are always and invariably placed with Islamic Banking institutions or in Islamic Windows of Conventional Banks.
3. As regards insurance coverage facility, it has been noticed that the Modaraba has availed entire insurance coverage from renowned Takaful companies apart from conventional insurance companies.

Recommendations:

1. Non Shari'ah compliant Shares should be disposed off as early as possible.
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 Shar'iah Compliant, to the best of my knowledge.

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

Signature

Mufti Abdul Qadir
Shari'ah Advisor
Dated: September 27th, 2018.





Balance Sheet

as at June 30, 2018

	Note	2018	2017
		← Rupees →	
ASSETS			
Non-current assets			
Fixed assets - tangible	6	249,293,269	310,930,722
Capital work in process		300,000	-
Fixed assets - intangibles	7	2,095,250	1,789,000
Long term investments	8	202,366,014	300,971,610
Diminishing Musharaka financing	9	32,843,265	39,279,517
Long term deposits		2,525,750	902,100
Total non-current assets		489,423,548	653,872,949
Current assets			
Ijarah rental receivables	10	721,928	93,125
Stocks	11	42,598,618	26,438,004
Trade debts	12	25,013,246	9,893,928
Diminishing musharaka financing - current portion	9	19,718,751	11,952,991
Diminishing musharaka financing - Receivable		356,749	97,452
Investments	13	39,966,822	33,179,306
Advances	14	17,137,822	23,440,364
Prepayments and other receivables	15	5,641,594	6,624,695
Cash and bank balances	16	55,860,220	91,589,475
Total current assets		207,015,750	203,309,339
Total assets		696,439,298	857,182,288
EQUITY AND LIABILITIES			
Certificate holders' equity			
Certificate capital	17	263,865,890	263,865,890
Statutory reserves	18	259,037,386	259,037,386
Unrealized gain on re-measurement of available for sale investments		70,813,523	167,142,050
Unappropriated (loss)/profit		(5,514,600)	30,742,727
Total equity		588,202,199	720,788,054
Non-current Liabilities			
Long term security deposits	19	10,310,476	19,220,856
Deferred liabilities	20	-	-
Total non-current liabilities		10,310,476	19,220,856
Current Liabilities			
Current maturity of security deposits	19	14,390,692	23,208,892
Payable to International Finance Corporation	20	-	52,433,740
Payable to management company	21	-	3,708,177
Trade Creditors		3,036,717	1,069,685
Tiljarah Financing		30,000,000	-
Accrued and other liabilities	22	23,395,395	11,288,680
Unclaimed profit distributions		27,103,819	25,464,203
Total current liabilities		97,926,623	117,173,378
Total liabilities and equity		696,439,298	857,182,288
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Profit & Loss Account

for the year ended June 30, 2018

	Note	2018	2017
		← Rupees →	
Income from:			
- Ijarah operations	24	18,766,112	23,233,137
- Musharaka finance		-	3,500,000
-Diminishing Musharaka		7,534,269	2,768,980
- Investments	25	47,843,143	34,485,062
- Pharma business	26	157,790,868	145,421,249
- Other sources	27	1,469,398	15,753,581
		<u>233,403,790</u>	<u>225,162,009</u>
Expenses			
Cost of goods sold- pharma	28	115,804,231	100,463,528
Selling & distribution	29	71,130,553	77,210,480
Operating	30	46,094,086	53,302,350
Financial charges	31	2,650,594	117,695
		<u>235,679,463</u>	<u>231,094,053</u>
Operating loss		<u>(2,275,673)</u>	<u>(5,932,044)</u>
Unrealized loss on re-measurement of investments at fair value through profit or loss		(2,622,368)	(5,357,154)
Gain on settlement of liability	20.1	-	51,582,539
		<u>(4,898,041)</u>	<u>40,293,341</u>
Less:			
Modaraba management company's remuneration		-	(4,029,334)
Services sales tax on management company's remuneration	32	-	(3,070,423)
		<u>(4,898,041)</u>	<u>33,193,584</u>
Less:			
Workers Welfare Fund		-	(663,872)
(Loss)/Profit before tax		<u>(4,898,041)</u>	<u>32,529,712</u>
Provision for taxation	33	(2,334,038)	-
(Loss)/Profit after taxation		<u>(7,232,079)</u>	<u>32,529,712</u>
(Loss)/Earnings per certificate - basic and diluted	34	<u>(0.27)</u>	<u>1.23</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Statement of Comprehensive Income

for the year ended June 30, 2018

	← 2018	2017 →
	Rupees	
(Loss)/profit after taxation	(7,232,079)	32,529,712
Other comprehensive income		
Items that will be reclassified to profit and loss account on disposal		
Unrealized (loss)/gain on re-measurement of available for sale investment	(96,328,527)	71,618,166
Other comprehensive (loss)/income	(96,328,527)	71,618,166
Total comprehensive (loss)/income	(103,560,606)	104,147,878

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Cash Flow Statement

for the year ended June 30, 2018

Note	2018	2017
	← Rupees →	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(7,232,079)	32,529,712
Adjustment of non cash items:		
Depreciation on own assets	6 23,100,188	22,023,881
Amortization of Intangible asset	7 68,750	300,000
Unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss	2,622,368	5,357,154
Depreciation on assets leased out under Ijarah	6 49,517,524	72,525,648
Gain on sale of investments	25 (45,007,853)	(31,518,219)
Gain on sale of fixed assets		
- own assets	27 (401,450)	(1,196,549)
- assets leased out under Ijarah	24 (393,994)	(498,839)
Dividend income	25 (2,835,290)	(2,966,843)
Financial charges	31 2,650,594	117,695
Operating profit before working capital changes	22,088,758	96,673,640
Changes in working capital: (Increase) / decrease in current assets		
Ijarah rental receivables	(628,803)	2,981,586
Stock-in-trade	(16,160,614)	(4,452,694)
Trade debts	(15,119,318)	2,361,253
Musharaka receivables	-	500,000
Diminshing musharaka financing - current portion	(8,025,057)	(12,050,443)
Advances	6,302,542	(9,917,921)
Prepayments & other receivables	983,100	7,642,278
	(32,648,149)	(12,935,941)
Increase / (decrease) in current liabilities		
Management fee payable	(3,708,177)	(2,970,666)
Payable to International Finance Corporation	(52,433,740)	52,433,740
Trade Creditors	1,967,032	1,069,685
Tiljarah Financing	30,000,000	-
Accrued and other liabilities	3,288,514	(32,940,265)
Unclaimed profit distributions	1,639,616	(44,402)
	(19,246,756)	17,548,092
Financial charges paid	(2,650,594)	(117,695)
Net cash generated from operating activities	(32,456,741)	101,168,095



Cash Flow Statement

for the year ended June 30, 2018

Note	2018	2017
	← Rupees →	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
- own assets	(26,899,189)	(29,366,964)
- assets leased out under Ijarah	(8,550,000)	(25,660,500)
Purchase of intangible assets	(375,000)	-
Purchase of Investments	91,818,080	(66,941,181)
Proceeds from sale of investments	(53,943,042)	97,779,232
Proceeds from sale of fixed assets		
- own assets	918,874	4,096,256
- assets leased out under Ijarah	24,345,495	37,389,502
Dividends received	2,835,290	2,966,843
Net cash generated from investing activities	30,150,508	20,263,188
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(29,025,248)	(26,386,589)
Deferred liabilities	-	(104,016,279)
Capital work in process	(300,000)	5,960,000
Diminishing Musharaka financing	6,436,252	(39,279,517)
long term deposits	(1,623,650)	(25,000)
Long-term security deposits	(8,910,377)	(14,483,697)
Net cash used in financing activities	(33,423,023)	(178,231,082)
Net (decrease)/increase in cash and cash equivalents	(35,729,255)	(56,799,799)
Cash and cash equivalents at the beginning of the year	91,589,475	148,389,275
Cash and cash equivalents at the end of the year	55,860,220	91,589,475
16		

The annexed notes from 1 to 45 form an integral part of these financial statements.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Statement of Changes in Equity

for the year ended June 30, 2018

	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, 2016	263,865,890	252,531,444	95,523,884	31,105,546	643,026,764
Total comprehensive income for the year ended June 30, 2017	-	-	71,618,166	32,529,712	104,147,878
Profit distribution - 30 June 2016 at 10%	-	-	-	(26,386,589)	(26,386,589)
Transfer to statutory reserve at 20%	-	6,505,942	-	(6,505,942)	-
Balance as at June 30, 2017	263,865,890	259,037,387	167,142,050	30,742,727	720,788,054
Total comprehensive income for the year ended June 30, 2018	-	-	(96,328,527)	(7,232,079)	(103,560,606)
Profit distribution - 30 June 2017 at 10%	-	-	-	(29,025,248)	(29,025,248)
Balance as at June 30, 2018	<u>263,865,890</u>	<u>259,037,387</u>	<u>70,813,523</u>	<u>(5,514,600)</u>	<u>588,202,200</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 45 form an integral part of these financial statements.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Notes to the Financial Statements

for the year ended June 30, 2018

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 (Ext), Karachi and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, multipurpose 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. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;

Provisions of and directions issued under the Companies Act 2017;

Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba differ from IFRS Standards and IFAS, the provision of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IAS-39 "Financial Instruments: Recognition and Measurement", wherever applicable.

Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharaka profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba.



Notes to the Financial Statements

for the year ended June 30, 2018

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

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

During the year certain amendments to the approved accounting standards and new interpretations became effective. However, these do not have any significant or material impact on the Modaraba's financial reporting and therefore have not been detailed in these financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2018, that may have an impact on the financial statements of the Modaraba:

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Modaraba is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Modaraba is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting any impact of the standard on Modaraba's financial reporting.

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Modaraba's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Modaraba's financial statements.



Notes to the Financial Statements

for the year ended June 30, 2018

Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Modaraba's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Modaraba's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have material impact on Modaraba's financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTP'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Modaraba's financial statements.

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments are not likely to have an impact on Modaraba's financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above improvements to standards are not likely to have material / significant impact on Modaraba's financial statements.



Notes to the Financial Statements

for the year ended June 30, 2018

4. USE OF ESTIMATES AND JUDGMENTS

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.

	Note
- Useful lives of depreciable assets	5.1
- Useful lives of intangible assets	5.2
- Provision for income taxes	5.10
- Staff provident fund	5.11
- 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, 2018

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, 2018

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.

Derecognition of financial assets

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

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

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

Off-setting of financial assets and liabilities

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

5.6 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.



Notes to the Financial Statements

for the year ended June 30, 2018

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 valued 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 Modarabas 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.

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.



Notes to the Financial Statements

for the year ended June 30, 2018

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.

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.



Notes to the Financial Statements

for the year ended June 30, 2018

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, 2018

6. FIXED ASSETS - tangible

2018	Cost		ACCUMULATED DEPRECIATION				Book value As at June 30, 2018	Depreciation rate per annum %	
	As at July 1, 2017	Additions	(Deletions)	As at June 30, 2018	As at July 1, 2017	Charge for the year			Disposal / adjustments
Rupees									
Assets own use									
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	10,450,350	-
Building on lease hold land	102,056,046	-	-	102,056,046	19,723,649	5,102,832	-	24,826,481	5
Plant & Machinery	81,959,137	15,896,694	(363,874)	97,491,957	30,754,554	8,652,929	(50,000)	39,357,483	10
Furniture and fittings	19,211,136	508,660	-	19,719,796	5,362,751	1,701,991	-	7,064,742	10
Books	83,000	-	-	83,000	43,496	16,596	-	60,092	20
Vehicles	31,925,008	7,668,185	(1,441,750)	38,151,443	18,468,410	5,837,077	(1,238,200)	23,067,288	20
Computer equipment	4,513,221	1,716,650	-	6,229,871	3,760,819	497,110	-	4,257,929	20
Office equipment and appliances	8,414,715	1,109,000	-	9,523,715	5,625,332	1,291,653	-	6,916,985	20
Sub total	258,612,613	26,899,189	(1,805,624)	283,706,178	83,739,011	23,100,188	(1,288,200)	105,551,000	
Assets leased out under Ijarah									
Machinery and equipments	21,418,000	-	-	21,418,000	7,235,004	5,645,400	-	12,880,404	25-33
Vehicles	271,942,250	8,550,000	(99,849,950)	180,642,300	150,068,127	43,872,124	(75,898,444)	118,041,807	25-33
Sub total	293,360,250	8,550,000	(99,849,950)	202,060,300	157,303,131	49,517,524	(75,898,444)	130,922,211	
Total	551,972,863	35,449,189	(101,655,574)	485,766,478	241,042,141	72,617,712	(77,186,644)	236,473,210	



Notes to the Financial Statements

for the year ended June 30, 2018

6.1 Disposal of Assets in own use

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain on disposal	Mode Of Disposal	Particulars of Purchasers
Suzuki Bolan	706,800	589,000	117,800	280,000	162,200	Negotiation	Imran Shah Transporter
Suzuki Mehran	734,950	649,200	85,750	325,000	239,250	Negotiation	Mr. I.A. Khan
	<u>1,441,750</u>	<u>1,238,200</u>	<u>203,550</u>	<u>605,000</u>	<u>401,450</u>		

6.2 The depreciation expense has been allocated as follows;

	Note	2018	2017
		Rupees	
Cost of goods sold	28	13,755,759	13,737,466
Operating expense	30	9,344,429	8,286,415
		<u>23,100,188</u>	<u>22,023,881</u>



Notes to the Financial Statements

for the year ended June 30, 2018

2017	Cost				ACCUMULATED DEPRECIATION			Depreciation rate per annum %
	As at July 1, 2016	Additions	(Deletions)	As at June 30, 2017	As at July 1, 2016	Charge for the year	As at June 30, 2017	
Rupees								
Assets own use								
Lease hold land	10,450,350	-	-	10,450,350	-	-	-	10,450,350
Building on lease hold land	101,224,493	831,553	-	102,056,046	14,641,567	5,082,082	19,723,649	82,332,397
Plant & Machinery	76,651,656	5,307,481	-	81,959,137	22,099,170	8,655,384	30,754,554	51,204,584
Furniture and fittings	6,780,246	12,430,890	-	19,211,136	4,316,908	1,045,843	5,362,751	13,848,385
Books	47,000	36,000	-	83,000	32,900	10,596	43,496	39,504
Vehicles	27,375,773	9,750,600	(5,201,365)	31,925,008	15,413,605	5,375,631	(2,320,827)	13,456,598
Computer equipment	4,375,021	241,700	(103,500)	4,513,221	3,440,853	404,297	(84,331)	3,760,819
Office equipment and appliances	7,645,975	768,740	-	8,414,715	4,175,284	1,450,048	5,625,332	2,789,383
Sub total	234,550,514	29,366,964	(5,304,865)	258,612,613	64,120,287	22,023,881	(2,405,158)	174,873,603
Assets leased out under Ijarah								
Machinery and equipments	91,146,873	7,718,000	(77,446,873)	21,418,000	64,676,873	5,919,038	(63,360,907)	14,182,996
Vehicles	351,001,783	17,942,500	(97,002,033)	271,942,250	157,658,853	66,606,610	(74,197,336)	150,068,127
Sub total	442,148,656	25,660,500	(174,448,906)	293,360,250	222,335,726	72,525,648	(137,558,243)	136,057,119
Total	676,699,170	55,027,464	(179,753,771)	551,972,863	286,456,013	94,549,529	(139,963,401)	310,930,722

FIXED ASSETS - tangible



Notes to the Financial Statements

for the year ended June 30, 2018

7. FIXED ASSETS - intangible

2018	Cost		ACCUMULATED DEPRECIATION		Book value As at June 30, 2018	Amortization rate per annum %	Useful life of the asset			
	As at July 1, 2017	Additions	As at June 30, 2018	As at July 1, 2017				Charge for the year		
Computer Software	1,500,000	375,000	1,875,000	1,500,000	68,750	1,568,750	306,250	20	Finite	
Products Name	1,789,000	-	1,789,000	-	-	-	1,789,000	-	-	Infinite
Total - 30th June 2018	3,289,000	375,000	3,664,000	1,500,000	68,750	1,568,750	2,095,250			

FIXED ASSETS - intangible

2017	Cost		ACCUMULATED DEPRECIATION		Book value As at June 30, 2017	Amortization rate per annum %	Useful life of the asset			
	As at July 1, 2016	Additions	As at June 30, 2017	As at July 1, 2016				Charge for the year		
Computer Software	1,500,000	-	1,500,000	1,200,000	300,000	1,500,000	-	20	Finite	
Products Name	1,789,000	-	1,789,000	-	-	-	1,789,000	-	-	Infinite
Total - 30th June 2017	3,289,000	-	3,289,000	1,200,000	300,000	1,500,000	1,789,000			



Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018	2017
		Rupees	
8. LONG TERM INVESTMENTS			
Available for sale			
Listed companies	8.1	<u>202,366,014</u>	<u>300,971,610</u>
8.1 Listed companies			
		2018	2017
		Number of	Number of
		Shares /	Shares /
		Certificates	Certificates
		2018	2017
		Rupees	Rupees
Pharma & Bio Tech			
Searle Company Limited		188,372	243,474
AGP Private Ltd		131,000	-
Food and Personal Care Products			
Gillette Pakistan Limited		195,785	195,385
Al Shaheer Corporation		31,119	31,119
Fertilizer			
Engro Fertilizers Limited		16,500	16,500
Cement			
Lucky Cement		1,462	-
Chemicals			
United Distributors (Pakistan) limited		1,343,106	1,251,583
Textile Composite			
International Knitwear Limited		823,653	823,653
United Brands Limited		-	77,060
Chakwal Spinning		130,000	-
Power Generation & distribution			
K-Electric Ltd		374,500	404,500
		<u>3,235,497</u>	<u>3,043,274</u>
		<u>202,366,014</u>	<u>300,971,610</u>

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

8.1.2 It includes 12,000 bonus shares of The Searle Company valued at Rs. 4,074,000 which have been withheld by the company in lieu of withholding income tax on bonus shares.

	Note	2018	2017
		Rupees	
9. DIMINISHING MUSHARAKA FINANCING			
Secured:			
Diminishing Musharaka financing	9.1	48,962,016	49,529,008
Less: Current portion shown		(19,718,751)	(11,952,991)
		<u>29,243,265</u>	<u>37,576,017</u>
Add: Advance against diminishing musharakah financing		3,600,000	1,703,500
		<u>32,843,265</u>	<u>39,279,517</u>

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



Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
	Rupees	
10. IJARAH RENTAL RECEIVABLES		
Ijarah rental receivables	3,433,775	6,554,527
Income suspended	<u>(2,711,847)</u>	<u>(6,461,402)</u>
	<u>721,928</u>	<u>93,125</u>
Ijarah future rental receivables		
Not later than one year	6,694,812	46,178,393
Later than one year but not later than five years	46,570,116	77,702,749
	<u>123,881,142</u>	<u>123,881,142</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	2018	2017
		Rupees	
11. STOCKS			
Raw material		19,366,814	7,225,345
Packing material		8,440,381	8,667,333
Work in Process		1,828,053	4,177,712
Finished goods			
- Regular line		10,723,913	5,914,280
- Oncology		-	4,905
- Neutraceuticals products		2,239,457	448,429
		<u>42,598,618</u>	<u>26,438,004</u>
12. TRADE DEBTS			
Unsecured			
Considered good		25,013,246	9,893,928
		<u>25,013,246</u>	<u>9,893,928</u>
13. INVESTMENTS			
- at fair value through profit or loss			
Listed companies and modaraba	13.1	<u>39,966,822</u>	<u>33,179,306</u>



Notes to the Financial Statements

for the year ended June 30, 2018

13.1 Listed companies and modaraba

	2018	2017	2018	2017
	Number of Shares / Certificates	Number of Shares / Certificates	Rupees	
Oil & Gas				
Hascol Petroleum	39	39	12,237	13,303
Sui Northern Gas Pipelines Limited	4,213	213	422,227	31,720
Sui Southern Gas Pipelines Limited	1,000	1,000	32,820	36,410
Oil And Gas Development Company Limited	-	2,000	-	281,380
Automobile				
Ghandhara Nissan Limited	100	1,100	17,967	247,588
Personal Goods				
Gillette Pakistan Limited	3,600	3,100	864,000	971,850
Engineering				
Dost Steel	305,000	-	2,412,550	-
Mughal Iron And Steel Industries	-	11,000	-	888,030
Huffaz Seamless Pipe Industries Limited	32,500	33,500	679,250	1,433,130
Pharma & Bio Tech				
Abbott Laboratories	100	100	68,500	93,460
Ferozsons Laboratories	200	200	38,946	77,302
Highnoon Laboratories	407	329	167,078	206,043
Ibl Health Care Limited	160,419	147,315	12,870,416	17,972,430
Textile				
Gadoon Textile Mills Limited	-	9,600	-	2,025,600
Nazir Cotton Mills Limited	-	5,000	-	27,200
Redco Textile Limited	-	49,500	-	301,950
United Brands limited	216,570	-	11,278,965	-
Financial Services				
First Fidelity Leasing Modaraba	-	20,630	-	77,156
Fertilizer				
Engro Corporation Limited	27	27	8,474	8,800
Modaraba				
Unicap Modaraba	36,000	36,500	39,600	102,565
First Equity Modaraba	75,000	75,000	277,500	469,500
Cable & Electrical Goods				
Tpl Trakker	38,000	23,000	259,160	227,240
Food & Personal Care				
Treet Corporation	12,592	8,500	430,520	483,480
Chemical				
Ici Pakistan Limited	150	150	120,225	164,183
Ghani Gases Limited	256	4,000	4,127	105,200
Nimir Resins Limited	36,355	17,000	367,186	160,310
Construction And Material				
Dewan Cement Limited	1,000	25,000	18,000	504,500
Fauji Cement Limited	36,000	25,000	822,600	1,025,750
Power Cement Limited	188,326	15,000	1,572,522	200,700
Power Cement Limited - Rights	-	325,326	-	172,423
Glass And Ceramics				
Ghani Global Glass Limited	-	1,500	-	29,985
Power Generation & Distribution				
Lalpir Power Limited	-	10,000	-	205,200
Fixed Line Telecommunication				
Worldcall Telecom Limited	195,000	200,000	376,350	610,000
Real Estate Investment				
Dolmen City Reit	105,500	36,500	1,360,950	420,113
Investment Banks/Securities				
Pakistan Stock Exchange	99,117	99,117	1,957,561	2,545,325
Vanaspati & Allied Industries				
Unity Foods	89,000	-	2,605,920	-
Miscellaneous				
Macter International	2,900	2,500	580,000	990,000
Pakistan International Bulk Terminal	-	3,000	-	69,480
Siddiqsons Tin Plate	17,000	-	258,740	-
Siddiqsons Tin Plate - Rights	32,639	-	42,431	-
			39,966,822	33,179,306



Notes to the Financial Statements

for the year ended June 30, 2018

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

	2018	2017
	Rupees	
14. ADVANCES		
- To staff - considered good	2,717,041	2,065,141
- Advance against purchase	4,158,266	14,853,146
- Advance against purchase of shares	4,566,700	4,291,299
- Advance to Supplier	3,785,062	1,006,703
- Others	1,910,753	2,230,778
	<u>17,137,822</u>	<u>24,447,064</u>

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

	2018	2017
	Rupees	
15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES		
Prepayments	1,684,029	1,636,221
Security deposits	13,000	13,000
Profit receivable on musharaka	15,486	15,486
Receivable from brokers	1,801,651	2,477,298
Other receivable	220,132	1,544,382
Others	1,907,296	938,308
	<u>5,641,594</u>	<u>6,624,695</u>

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

	Note	2018	2017
		Rupees	
16. CASH AND BANK BALANCES			
Cash in hand		155,695	105,695
Cash at bank			
- in current accounts		19,257,065	15,164,567
- in deposit accounts	16.1	<u>36,447,461</u>	<u>76,319,213</u>
		<u>55,860,220</u>	<u>91,589,475</u>

16.1 These accounts carry profit rate ranging from 5.5 % to 6.5 % (2017: 5.5 % to 6.5 %)



Notes to the Financial Statements

for the year ended June 30, 2018

17. CERTIFICATE CAPITAL

2018 Number of certificates	2017 Number of certificates		2018 Rupees	2017 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>

17.1 As at 30 June, 2018 UDL Modaraba Management (Private) Limited (Management Company) held 4,938,980 (2017: 4,938,980) certificates of Rs. 10 each.

18. STATUTORY RESERVE

Balance at the beginning of the year	259,037,386	252,531,444
Transferred from profit and loss account	-	6,505,942
	<u>259,037,386</u>	<u>259,037,386</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	2018 Rupees	2017 Rupees
19. LONG TERM SECURITY DEPOSITS			
Long term security deposits		24,701,168	42,429,748
Less: current maturity		(14,390,692)	(23,208,892)
		<u>10,310,476</u>	<u>19,220,856</u>
20. DEFERRED LIABILITIES			
Accrued profit on IFC income notes	20.1	-	52,433,740
Less: Current portion		-	(52,433,740)
		<u>-</u>	<u>-</u>

20.1 In pursuance of an agreement date April 07, 2017 with International Finance Corporation USA, this liability has been fully settled through an agreed payment which is subsequently paid on August 28, 2017.



Notes to the Financial Statements

for the year ended June 30, 2018

21. PAYABLE TO MANAGEMENT COMPANY

The management company is entitled to a remuneration for services rendered to Modaraba under the provision of the Modaraba Company and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba.

The amount payable to the management company relates mainly to expenses incurred by management company on behalf of Modaraba.

	Note	2018	2017
		Rupees	
22. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		956,968	956,968
Advance from Customers		2,559,669	333,439
Other liabilities			
- Provision for taxation		536,604	1,007,378
- Worker's Welfare Fund - provision	22.1	663,872	663,872
- Others		18,678,283	8,327,024
		<u>23,395,395</u>	<u>11,288,680</u>

22.1 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.

In current year due to the loss, the WWF is not calculated.

23. CONTINGENCIES AND COMMITMENTS

Contingencies

During the previous year, the Modaraba had received from the Searle Company 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(2017: Nil).

	Note	2018	2017
		Rupees	
24. INCOME FROM IJARAH OPERATIONS			
Ijarah rentals		67,719,436	94,773,474
Documentation fee		173,456	486,472
Gain /(loss) on disposal of Ijarah assets		393,994	498,839
		<u>68,286,886</u>	<u>95,758,785</u>
Depreciation on assets leased out under Ijarah	6	<u>(49,520,774)</u>	<u>(72,525,648)</u>
		<u>18,766,112</u>	<u>23,233,137</u>



Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018	2017
		Rupees	
25. INCOME FROM INVESTMENTS			
Dividend income	25.1	2,835,290	2,966,843
Gain on sale of securities		45,007,853	31,518,219
		<u>47,843,143</u>	<u>34,485,062</u>
25.1 Investee			
Abbot Laboratories		2,100	3,000
Bannu Woolen Mills Ltd		-	55,000
Bestway Cement Ltd		-	135,625
Crescent Steel & Allied Product Ltd		-	10,000
Dolmen City Reit		49,925	-
Engro Corporation Ltd		101	52,893
Engro Fertilizers Ltd		90,750	353,004
Fauji Cement Company Ltd		10,000	-
Ferozsons Laboratories Ltd		22,500	600
First Equity Modaraba		45,000	21,710
Ghandhara Nissan Industries		-	20,000
Hascol Petroleum Ltd		137	24,136
HighNoon Laboratories Ltd		3,660	9,096
Hubco		-	15,000
IBL Health care Ltd		145,315	139,935
ICI Pakistan		1,275	4,400
International Knitwear Ltd		-	549,102
Lalpir Power Limited		10,000	-
Lucky Cement		338,613	-
Mughal Iron and Steel Industries		6,600	-
Oil & Gas Company		10,000	3,250
Pakistan Refinery		-	3,100
Pioneer cement Ltd		-	1,875
Searle Company Ltd		1,995,784	1,515,117
Sui Northern Gas Company		53,303	-
Treet Corporation		2,200	50,000
TPL Trakker Limited		9,500	-
United Brands Ltd		38,528	-
		<u>2,835,290</u>	<u>2,966,843</u>
26. SALES - PHARMA			
- Local			
Regular Line		240,304,661	213,865,719
Oncology		6,030,102	16,018,819
		<u>246,334,763</u>	<u>229,884,538</u>
- Less:			
Sales return		415,422	309,314
Sales discount		88,128,474	84,153,975
		<u>88,543,895</u>	<u>84,463,288</u>
Net Sales		<u>157,790,868</u>	<u>145,421,249</u>
27. INCOME FROM OTHER SOURCES			
Gain on disposal of fixed assets		401,450	1,196,549
Profit on deposits with banks		1,001,658	4,660,418
Others		66,290	9,896,614
		<u>1,469,398</u>	<u>15,753,581</u>



Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018	2017
		Rupees	
28. COST OF GOODS SOLD			
-Raw material and packing material			
Opening stock		15,892,678	11,387,727
Add: Purchases during the year		64,035,436	47,651,667
		<u>79,928,114</u>	<u>59,039,394</u>
Less: Closing stock		(27,807,693)	(15,892,678)
Raw material and packing material consumed		<u>52,120,421</u>	<u>43,146,716</u>
Stores, spares & supplies		1,009,487	1,388,857
Salaries, wages & other benefits		26,285,351	25,639,382
Fuel & power		5,513,900	4,864,302
Insurance		1,060,811	1,938,248
Repair & maintenance		3,089,711	1,887,972
Depreciation	6.2	13,755,759	13,737,466
Entertainment		2,255,609	1,473,275
Travel & conveyance		4,249,570	2,859,987
Postage & stationary		329,922	125,693
Miscellaneous		789,282	83,760
		<u>110,459,823</u>	<u>97,145,658</u>
-Finished Goods			
Opening stock		10,545,326	10,057,194
Add: Purchases during the year		9,590,507	3,806,002
		<u>20,135,833</u>	<u>13,863,196</u>
Closing stock		(14,791,423)	(10,545,326)
		<u>115,804,233</u>	<u>100,463,528</u>
29. SELLING & DISTRIBUTION			
Salaries, wages & other benefits		47,346,502	53,520,947
Communications		1,187,290	1,474,026
Training & Seminar		846,958	1,621,332
Literature & Promotion		8,879,492	9,165,107
Transportation expenses		2,856,479	1,923,607
Warehouse expenses		575,852	33,000
Repair & Maintenance		1,230,629	1,229,836
Travelling & Conveyance		7,917,825	6,741,775
Other expenses		289,526	1,500,850
		<u>71,130,553</u>	<u>77,210,480</u>
30. OPERATING EXPENSES			
Salaries and other staff benefits	30.1	17,177,140	21,610,816
Travelling and conveyance		1,751,876	2,538,107
Vehicles running and maintenance		874,887	629,431
Communication		1,763,403	1,572,802
Printing and stationery		1,209,107	1,392,538
Rent, rates and taxes		3,676,864	3,841,567
Repair and maintenance		827,244	955,801
Legal and professional charges		969,492	528,786
Share transaction charges		299,759	685,734
Insurance		520,540	610,451
Entertainment		684,735	608,626
Consultancy fee		2,020,559	950,004
Fee and subscription		3,731,843	2,099,897
Auditors' remuneration	30.2	395,250	360,000
Advertisement		196,995	230,793
Depreciation	6.2	9,344,429	8,286,415
Amortization		68,750	300,000
Bad debts expenses		-	5,189,146
Donation	30.3	281,363	-
Other expenses		299,850	911,436
		<u>46,094,086</u>	<u>53,302,350</u>



Notes to the Financial Statements

for the year ended June 30, 2018

30.1 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:

	2018			2017		
	Officers	Employees	Total	Officers	Employees	Total
	← Rupees →					
Salaries & allowances	8,083,524	7,306,708	15,390,232	13,332,084	6,545,518	19,877,602
Provident fund	674,568	143,520	818,088	861,900	211,878	1,073,778
Medical expenses	730,671	238,149	968,820	395,311	264,125	659,436
	<u>9,488,763</u>	<u>7,688,377</u>	<u>17,177,140</u>	<u>14,589,295</u>	<u>7,021,521</u>	<u>21,610,816</u>
Number of persons	5	21	26	7	11	18

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

	2018	2017
	Rupees	
Audit fee	270,000	270,000
Half yearly review fee	50,000	25,000
Certification fee	15,000	15,000
Out-of-pocket expenses	60,250	50,000
	<u>395,250</u>	<u>360,000</u>

30.2 Auditors' remuneration

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

	2018	2017
	Rupees	

31. FINANCIAL CHARGES

Bank charges	<u>2,650,594</u>	<u>117,695</u>
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32. SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Services sales tax on management company's remuneration	-	523,813
Services sales tax on management company's remuneration - 2015	-	2,546,610
	<u>-</u>	<u>3,070,423</u>

33. 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. However, the Modaraba has incurred loss during the year, consequently the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001 is applicable and duly charged.



Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
	Rupees	
34. (LOSS)/EARNINGS PER CERTIFICATE - basic and diluted		
(Loss)/profit for the year	<u>(7,232,079)</u>	<u>32,529,712</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>
(Loss)/earnings per certificate - basic	<u>(0.27)</u>	<u>1.23</u>

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

35. 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:

		2018	2017
		Rupees	
Transactions	Relationship		
Management fee	Management company	-	4,029,334
Dividend paid to Management Company	Management company	<u>5,432,878</u>	<u>4,321,607</u>
Balance as at the year end			
Payable to Modaraba Management Company		<u>-</u>	<u>3,708,177</u>

36. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

36.1 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, 2017

36.2 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, 2018 is the carrying amount of the financial assets as set out below:

	Note	2018	2017
		Rupees	
Business			
Diminishing musharakh financing		52,562,016	51,232,508
Trade debtors (Pharma)		25,013,246	9,893,928
Investments		39,966,822	33,179,306
Ijarah receivables		721,928	93,125
Deposits		2,525,750	902,100
Advances and other receivables		17,137,822	23,440,364
Bank balances		55,860,220	91,589,475
		<u>193,787,803</u>	<u>210,330,806</u>
The aging of Ijarah receivable at the reporting date			
Past due 1-30 days	10	721,928	93,125
Past due over 30-90 days	10	2,711,847	6,461,402
Less: Provision for non-performing assets	10	(2,711,847)	(6,461,402)
		<u>721,928</u>	<u>93,125</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;

	2018		2017	
	Rupees	%	Rupees	%
Segment by class of business of major Ijarah assets				
Modaraba	2,090,740	3.93%	1,749,433	1.41%
Cargo, Trading & distribution	7,208,075	13.53%	15,718,153	12.69%
Textile, Chemical & Pharmaceuticals	948,796	1.78%	10,064,876	8.12%
Entertainment, Marketing	425,117	0.80%	9,859,622	7.96%
Individual	35,517,554	66.68%	69,367,263	56.00%
Miscellaneous	7,074,646	13.28%	17,121,795	13.82%
	<u>53,264,928</u>	<u>100.00%</u>	<u>123,881,142</u>	<u>100.00%</u>



Notes to the Financial Statements

for the year ended June 30, 2018

36.2.1 Modaraba's operations are restricted to Pakistan only.

36.3 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.

	2018			
	Upto one year	One year to five years	Over five years	Total
	← Rupees →			
Financial assets				
Long term investments	-	202,366,014	-	202,366,014
Long term deposits	2,525,750	-	-	2,525,750
Ijarah rental receivables	721,928	-	-	721,928
Diminishing Musharakh financing	19,718,751	32,843,265	-	52,562,016
Diminishing Musharakh financing - Receivable	356,749	-	-	356,749
Trade receivables (Pharma division)	25,013,246	-	-	25,013,246
Financial assets	39,966,822	-	-	39,966,822
Advances	17,137,822	-	-	17,137,822
Prepayments and other receivables	5,641,594	-	-	5,641,594
Cash and bank balances	55,860,220	-	-	55,860,220
(a)	<u>166,942,882</u>	<u>235,209,279</u>	<u>-</u>	<u>402,152,161</u>
Financial liabilities				
Security deposits	14,390,692	10,310,476	-	24,701,168
Tiljarah Financing	30,000,000	-	-	30,000,000
Accrued and other liabilities	23,395,395	-	-	23,395,395
(b)	<u>67,786,087</u>	<u>10,310,476</u>	<u>-</u>	<u>78,096,562</u>
On-balance sheet gap	(a) - (b)	<u>99,156,795</u>	<u>224,898,804</u>	<u>-</u>
		<u>324,055,598</u>		
	← Rupees →			
	2017			
	Upto one year	One year to five years	Over five years	Total
	← Rupees →			
Financial assets				
Long term investments	-	300,971,610	-	300,971,610
Long term deposits	902,100	-	-	902,100
Ijarah rental receivables	93,125	-	-	93,125
Diminishing Musharakh financing	11,952,991	39,279,517	-	51,232,508
Diminishing Musharakh financing - Receivable	97,452	-	-	97,452
Trade receivables (Pharma division)	9,893,928	-	-	9,893,928
Financial assets	33,179,306	-	-	33,179,306
Advances	23,440,364	-	-	23,440,364
Prepayments and other receivables	6,624,695	-	-	6,624,695
Cash and bank balances	91,589,475	-	-	91,589,475
(a)	<u>91,589,475</u>	<u>-</u>	<u>-</u>	<u>518,024,562</u>
Financial liabilities				
Security deposits	23,208,892	19,220,856	-	42,429,748
Payable to International Finance Corporation	52,433,740	-	-	52,433,740
Payable to management company	3,708,177	-	-	3,708,177
Accrued and other liabilities	37,822,569	-	-	37,822,569
(b)	<u>117,173,378</u>	<u>19,220,856</u>	<u>-</u>	<u>136,394,233</u>
On-balance sheet gap	(a) - (b)	<u>(25,583,903)</u>	<u>(19,220,856)</u>	<u>-</u>
				<u>381,630,329</u>



Notes to the Financial Statements

for the year ended June 30, 2018

36.4 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:

Particulars:	Average Cost	Fair Value	Average Cost	Fair Value
	2018		2017	
Equity securities	174,141,681	242,332,836	172,366,019	334,150,916

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, 2018, the profit of the Modaraba's variable value financial instruments were as follows:

Variable rate instruments	2018	2017
	Rupees	
Islamic deposits	36,447,461	76,319,213
	<u>36,447,461</u>	<u>76,319,213</u>



Notes to the Financial Statements

for the year ended June 30, 2018

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 (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2018	2017
		Rupees	
Islamic deposits	100 basis points	<u>364,475</u>	<u>763,192</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.

37. 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.

	2018	2017
	Rupees	
37.1 Financial instruments by category		
Loans and receivables		
Long term advances and deposits	2,525,750	902,100
Ijarah rental receivables	721,928	93,125
Trade receivables (Pharma division)	25,013,246	9,893,928
Diminishing Musharakah financing	52,562,016	51,232,508
Diminishing Musharakah financing - Receivable	356,749	97,452
Advances	17,137,822	23,440,364
Prepayments and other receivables	5,641,594	6,624,695
Bank balances	55,860,220	91,589,475
Financial assets at fair value through profit or loss		
Short term investments - investments at fair value through profit or loss	39,966,822	33,179,306
Available-for-sale financial assets		
Long term investments	202,366,014	300,971,610
	(a) <u>402,152,161</u>	<u>518,024,562</u>
Financial liabilities		
Financial liabilities at amortised cost		
Security deposits	24,701,168	42,429,748
Payable to International Finance Corporation	-	52,433,740
Tiljarah Financing	30,000,000	-
Payable to management company	-	3,708,177
Accrued and other liabilities	23,395,395	37,822,569
	(b) <u>78,096,562</u>	<u>136,394,233</u>
	(a)-(b) <u>324,055,598</u>	<u>381,630,329</u>

37.2 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, 2018

37.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	2018			
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial instruments by category				
Loans and receivables				
Long term advances and deposits	2,525,750	-	-	-
Ijarah rental receivables	721,928	-	-	-
Trade receivables (Pharma division)	25,013,246	-	-	-
Diminishing Musharakah financing	52,562,016	-	-	-
Diminishing Musharakah financing - Receivable	356,749	-	-	-
Advances	17,137,822	-	-	-
Prepayments and other receivables	5,641,594	-	-	-
Bank balances	55,860,220	-	-	-
Financial assets at fair value through profit or loss				
Short term investments - investments at fair value through profit or loss	39,966,822	39,966,822		
Available-for-sale financial assets				
Long term investments	202,366,014	202,366,014		
Financial liabilities at amortised cost				
Security deposits	24,701,168	-	-	-
Payable to International Finance Corporation	-	-	-	-
Tiljarah Financing	30,000,000	-	-	-
Payable to management company	-	-	-	-
Accrued and other liabilities	23,226,390	-	-	-



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Financial instruments by category	2017			
	Rupees Carrying amount / Cost	Level 1	Level 2	Level 3
Financial instruments by category				
Loans and receivables				
Long term advances and deposits	902,100	-	-	-
Ijarah rental receivables	93,125	-	-	-
Trade receivables (Pharma division)	9,893,928	-	-	-
Diminishing Musharakah financing	51,232,508	-	-	-
Diminishing Musharakah financing - Receivable	97,452	-	-	-
Advances	23,440,364	-	-	-
Prepayments and other receivables	6,624,695	-	-	-
Bank balances	91,589,475	-	-	-
Financial assets at fair value through profit or loss				
Short term investments - investments at fair value through profit or loss				
	33,179,306	33,179,306	-	-
Available-for-sale financial assets				
Long term investments				
	300,971,610	300,971,610	-	-
Financial liabilities at amortised cost				
Security deposits	42,429,748	-	-	-
Payable to International Finance Corporation	52,433,740	-	-	-
Tiljarah Financing	-	-	-	-
Payable to management company	3,708,177	-	-	-
Accrued and other liabilities	37,822,569	-	-	-



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2017	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	-	-	-	-	300,971,610	-	300,971,610	300,971,610
Long term deposits	-	-	-	-	902,100	-	902,100	902,100
Ijarah rental receivables	-	93,125	-	93,125	-	-	-	93,125
Musharaka receivables - secured	-	11,952,991	39,279,517	51,232,508	-	-	-	51,232,508
Trade debts (Pharma)	-	97,452	-	97,452	-	-	-	97,452
Financial assets	-	-	-	-	9,893,928	-	9,893,928	9,893,928
Advances	-	-	-	-	33,179,306	-	33,179,306	33,179,306
Other receivables	-	-	-	-	23,440,364	-	23,440,364	23,440,364
Cash and bank balances	5.5% to 6.5%	-	-	-	6,624,695	-	6,624,695	6,624,695
	(A)	76,319,213	39,279,517	76,319,213	15,270,262	-	15,270,262	91,589,475
		88,462,780	39,279,517	127,742,298	89,310,654	300,971,610	390,282,264	518,024,562
Financial liabilities								
Long term security deposits	-	-	-	-	23,208,892	19,220,856	42,429,748	42,429,748
Deferred liabilities	-	52,433,740	-	52,433,740	-	-	-	52,433,740
Payable to management company	-	-	-	-	3,708,177	-	3,708,177	3,708,177
Accrued and other liabilities	(B)	52,433,740	-	52,433,740	37,822,569	-	37,822,569	37,822,569
		36,029,040	39,279,517	75,308,558	64,739,638	19,220,856	83,960,493	136,394,233
On-balance sheet gap	(A)-(B)	36,029,040	39,279,517	75,308,558	24,571,017	281,750,754	306,321,771	381,630,329
Non-financial assets								339,157,726
Non-financial liabilities								
Total net assets								720,788,055

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

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



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39 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.

40. INFORMATION ABOUT BUSINESS SEGMENTS

	2018					Consolidated
	Diminishing Musharaka financing	Investments	Ijarah operations	Manufacturing Pharma	Others	
	Rupees					
Segment Revenues	7,534,269	47,843,143	68,286,886	157,790,868	1,469,398	282,924,564
Segment Results						
Segment income and Sales	7,534,269	47,843,143	68,286,886	157,790,868	-	281,455,165
Other income	-	-	-	-	1,469,398	1,469,398
Operating expenses	-	-	(49,520,774)	-	-	(49,520,774)
Manufacturing expenses	-	-	-	(115,804,231)	-	(115,804,231)
Unallocated operating expenses	-	-	-	(94,654,235)	(27,555,035)	(122,209,270)
Unrealized gain	-	(2,622,368)	-	-	-	(2,622,368)
Profit for the year	<u>7,534,269</u>	<u>45,220,775</u>	<u>18,766,112</u>	<u>(52,667,598)</u>	<u>(26,085,637)</u>	<u>(7,232,079)</u>
Other information						
Capital expenditure	-	-	8,550,000	23,564,879	3,334,310	35,449,189
Depreciation	-	-	49,520,774	20,087,180	3,081,758	72,689,712
Assets and liabilities						
Segment assets	52,562,016	242,332,836	136,779,047	90,391,280	-	522,065,179
Unallocated assets	-	-	-	-	174,374,119	174,374,119
Consolidated total assets	<u>52,562,016</u>	<u>242,332,836</u>	<u>136,779,047</u>	<u>90,391,280</u>	<u>174,374,119</u>	<u>696,439,298</u>
Segment liabilities	-	-	24,701,168	-	-	24,701,168
Unallocated liabilities	-	-	-	-	53,395,395	53,395,395
Consolidated total liabilities	-	-	<u>24,701,168</u>	-	<u>53,395,395</u>	<u>78,096,562</u>



Notes to the Financial Statements

for the year ended June 30, 2018

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

	2017						Consolidated
	Musharaka	Diminishing Musharaka financing	Investments	Ijarah operations	Manufacturing Pharma	Others	
	Rupees						
Segment Revenues	3,500,000	2,768,980	34,485,062	95,758,785	145,421,249	15,753,581	297,687,657
Segment Results							
Segment income and Sales	3,500,000	2,768,980	34,485,062	95,758,785	145,421,249	-	281,934,076
Other income	-	-	-	-	-	15,753,581	15,753,581
Operating expenses	-	-	-	(72,525,648)	(102,534,141)	-	(175,059,789)
Manufacturing expenses	-	-	-	-	(100,463,528)	-	(100,463,528)
Unallocated operating expenses	-	-	-	-	-	(28,760,257)	(28,760,257)
Modaraba company's management fee	-	-	-	-	-	(7,099,758)	(7,099,758)
Unrealized gain	-	-	(5,357,154)	-	-	-	(5,357,154)
Gain on settlement of liability	-	-	-	-	-	51,582,539	51,582,539
Profit for the year	3,500,000	2,768,980	29,127,908	23,233,137	(57,576,419)	31,476,106	32,529,712
Other information							
Capital expenditure	-	-	-	25,660,500	15,889,634	13,477,330	55,027,464
Depreciation	-	-	-	72,525,648	19,113,097	2,910,784	94,549,529
Assets and liabilities							
Segment assets	-	51,232,508	334,150,916	219,906,055	66,396,991	-	671,686,470
Unallocated assets	-	-	-	-	-	185,495,818	185,495,818
Consolidated total assets	-	51,232,508	334,150,916	219,906,055	66,396,991	185,495,818	857,182,287
Segment liabilities	-	-	-	42,429,748	-	-	42,429,748
Unallocated liabilities	-	-	-	-	-	93,964,486	93,964,486
Consolidated total liabilities	-	-	-	42,429,748	-	93,964,486	136,394,233



Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
41 NUMBER OF EMPLOYEES		
As at year end	<u>87</u>	<u>67</u>
Average Employees	<u>77</u>	<u>61</u>

42 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed bonus for the year ended June 30, 2018 in the proportion of 01 certificate for every 10 certificates held i.e. 10% (2017: cash dividend Rs. 1.10/- per certificate total amounting to Rs. 29,025,248/-) at their meeting held on 27 September, 2018. The financial statements for the year ended June 30, 2018 do not include the effect of the above which will be accounted for in the period in which it is declared.

43 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27th September, 2018 by the Board of Directors of the Modaraba Management Company.

45 GENERAL

The figures have been rounded off to the nearest rupees.

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

-Sd-
Chief Financial Officer
S. Aamir Hussain

-Sd-
Chief Executive
Ather Naqi

-Sd-
Director
Shuja Malik

-Sd-
Director
A. Rahim Suriya



Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2018

Number of Certificate	Certificate Holdings		Total Certificate Held
	From	To	
835	1	to 100	36,186
841	101	to 500	238,061
569	501	to 1000	466,961
718	1001	to 5000	1,681,288
143	5001	to 10000	1,135,002
52	10001	to 15000	659,870
43	15001	to 20000	761,749
20	20001	to 25000	459,195
15	25001	to 30000	414,863
7	30001	to 35000	233,492
6	35001	to 40000	225,000
9	40001	to 45000	381,495
8	45001	to 50000	396,000
4	50001	to 55000	215,500
4	55001	to 60000	227,000
5	60001	to 65000	315,100
3	65001	to 70000	207,000
5	70001	to 75000	361,968
2	75001	to 80000	154,500
4	80001	to 85000	333,200
3	95001	to 100000	296,500
1	100001	to 105000	100,985
2	110001	to 115000	230,000
1	115001	to 120000	119,500
2	125001	to 130000	256,000
1	130001	to 135000	134,000
1	135001	to 140000	136,000
1	155001	to 160000	156,758
1	165001	to 170000	170,000
1	205001	to 210000	210,000
1	220001	to 225000	222,707
1	245001	to 250000	247,000
1	260001	to 265000	265,000
1	290001	to 295000	294,000
1	295001	to 300000	297,639
1	330001	to 335000	331,386
1	520001	to 525000	522,625
1	545001	to 550000	550,000
2	745001	to 750000	1,500,000
1	1495001	to 1500000	1,500,000
1	1500001	to 1505000	1,500,200
1	2200001	to 2205000	2,202,016
1	2735001	to 2740000	2,736,964
1	3500001	to 3505000	3,503,879
<u>3322</u>			<u>26,386,589</u>



Categories of Certificate Holders

As at June 30, 2018

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage (%)
Directors and their spouse(s) and minor children			
MAJID HASAN	1	2,983	0.01
ATHER NAQI	2	3,617	0.01
SHUJA MALIK	1	1,500,000	5.68
Associated Companies, undertakings and related parties			
UDL MODARABA MANAGEMENT (PVT) LTD	2	4,938,980	18.72
KHALID MALIK	1	3,503,879	13.28
SHAHIDA MALIK	2	1,502,400	5.69
SUNYA AHMED	1	750,000	2.84
KOMAL MALIK	1	750,000	2.84
Executives			
	-	-	-
Public Sector Companies and Corporations			
	6	439,503	1.67
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	14	172,089	0.65
Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	522,625	1.98
General Public			
a. Local	3250	10,683,953	40.49
b. Foreign	-	-	-
Foreign Companies			
	1	2,152	0.01
Others			
	39	1,614,408	6.12
Totals	3322	26,386,589	100.00

Certificate holders holding 5% or more

	Shares Held	Percentage
KHALID MALIK	3,503,879	13.28
UDL MODARABA MANAGEMENT (PVT) LTD	4,938,980	18.72
SHAHIDA MALIK	1,502,400	5.69
SHUJA MALIK	1,500,000	5.68



Notice of Annual Review Meeting

Notice is hereby given that Annual Review Meeting of Certificate-Holders of **First UDL Modaraba** will be held on October 26th, 2018 at 10:00 a.m. at NBF & Modaraba Association of Pakistan, Office No # 602, Progressive Centre, 30-A, Block-6, PECHS, Shakra-e-Faisal, Karachi to review the performance of the Modaraba for the year ended June 30, 2018.

The certificate-holders whose names appear on the register of certificate-Holders of FUDLM on the close of business as on October 19th, 2018 will be eligible to attend the Annual Review Meeting.

By order of the board

-Sd-

Syed Aamir Hussain
Company Secretary

Karachi: October 5th, 2018



نوٹس برائے سالانہ جائزہ اجلاس

بذریعہ ہذا اطلاع دی جاتی ہے کہ فرسٹ یوڈی ایل مضاربہ کے سرٹیفکیٹ ہولڈر کا سالانہ جائزہ اجلاس 26 اکتوبر 2018ء بوقت 10:00 بجے صبح بمقام این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان، دفتر نمبر 602، پروگریسیو سینٹر، 30-اے، بلاک-6، پی ای سی ایچ ایس، شارع فیصل، کراچی منعقد کیا جائے گا جس میں 30 جون 2018ء کو ختم شدہ سال کیلئے مضاربہ کی کارکردگی کا جائزہ لیا جائے گا۔

سرٹیفکیٹ ہولڈرز جن کے نام ایف یوڈی ایل ایم کے سرٹیفکیٹ ہولڈرز کے رجسٹر پر 19 اکتوبر 2018ء کے بمطابق کاروبار کا ختام پر ظاہر ہو رہے ہیں وہ سالانہ جائزہ اجلاس میں شریک ہونے کے اہل ہوں گے۔

بحکم بورڈ

سید عامر حسین
کمپنی سکریٹری

کراچی، 5 اکتوبر، 2018

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 October 26, 2018 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 اکتوبر 2018 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 کرا دیا 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۔



First UDL Modaraba

1st Floor, Business Enclave, 77-C, 12th Commercial Street,
Off: Kh-e-Ittehad, DHA Phase II (Ext.) Karachi-75500.
Tel: 021-35310561-5 Fax: 021-35310566
Email: info@udl.com.pk Web: www.udl.com.pk