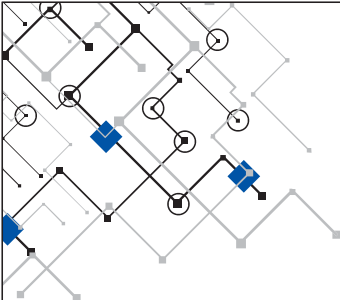




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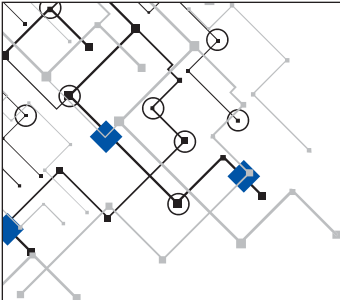
# Vision

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



# Mission

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



# Corporate Information

## MODARABA MANAGEMENT COMPANY

### Board of Directors

## UDL Modaraba Management (Private) Limited

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

### Company Secretary & CFO

Syed Aamir Hussain

### Audit Committee

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

### Human Resource & Remuneration Committee

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

### Auditors

Muniff Ziauddin & Co.  
Chartered Accountants

### Bankers

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

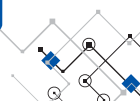
(92-21) 35310566

### 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, 2017.

## Financial Results

|                                             | 30-6-17               | 30-6-16 |
|---------------------------------------------|-----------------------|---------|
|                                             | (Rupees in thousands) |         |
| Net profit after tax for the year           | 32,529                | 34,334  |
| Add: Un-appropriated profit brought forward | 4,719                 | 3,638   |
| Profit available for appropriation          | 37,248                | 37,972  |
| Appropriations:                             |                       |         |
| Statutory reserve                           | 6,506                 | 6,867   |
| Profit distribution                         |                       |         |
| - Final @ 11% (2016: 10%)                   | 29,025                | 26,386  |
|                                             | 35,531                | 33,253  |
| Unappropriated profit carried forward       | 1,717                 | 4,719   |
| Earnings per certificate                    | 1.23                  | 1.30    |

## Review of Operations:

During the year Income from Operations increased by 28.57%, from Rs. 175.13 million in FY 16 to Rs. 225.16 million in the current FY. Main reason being growth in pharmaceutical sales by 135% to Rs. 145.42 million, which even compensated decline from investment income from Rs. 82.89 million to Rs. 34.48 million.

However, the decline in investment income resulted in an operating loss of Rs. 5.93 million as compared to an operating profit of Rs. 33.05 million in the previous FY. Another major factor for the operating loss was an increase in selling and distribution expenses by 16.40 as a percentage of sales.

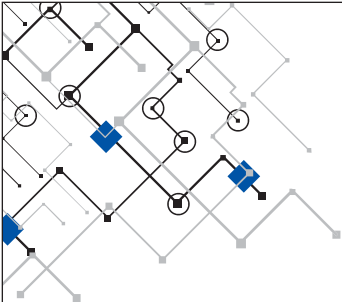
Despite the operating loss, the Modaraba, managed to post a Net Profit of Rs. 32.53 million as compared to Rs. 34.33 million in the previous FY, mainly due to a one-time gain as a result of re-scheduling of long term liability.

Earnings per certificate for the current year is Rs. 1.23 compared with Rs. 1.30 in FY 16.

## Financial Division

Income from Ijarah operations has improved by 15% from 20.1 million to 23.23 million, which is in line with the previous FY. Apart from Ijarah, we have also started offering the financing mode of Diminishing Musharika (DM) to our clients and income during the year from DM was Rs. 2.76 million. Main challenge currently being faced is low kibar and slow reploughing of funds in the financial division due to diversion of funds into the Pharma division.

The Modaraba's investment portfolio has historically contributed significantly towards the bottom line. However, during the current year, the stock market has remained sluggish which has resulted in lower than expected returns.



# Directors' Report

## Pharmaceutical Division

As mentioned above, pharmaceutical sales have grown by 135%. To avail further increase in sales, we have during the year launched several products, fruit of which would be borne in the current fiscal year. In the current FY, we have plans of launching a few more products but that is dependent upon receiving timely registrations. During the current governments tenure, the registration department of the Drug Regulatory Authority of Pakistan (DRAP) have streamlined their operations and we are hopeful that we would be able to add a reasonable number of products to our portfolio.

We are also manufacturing two products for a leading Pharmaceutical company of Pakistan, income from which is also contributing towards the bottom line of the Modaraba.

Export registration applications have also been submitted in a couple of countries and a reply is awaited.

## Future Outlook

Main focus is to increase sales through introduction of new and innovative products. Investments of related sources are being considered for enhancement of product state. We are hopeful that your Modaraba would achieve new heights, Insha Allah!

## Profit Distribution

The Board of Directors has approved the final cash dividend of 11% (i.e. Rs. 1.10 per certificate of Rs. 10/- each) amounting to Rs. 29,025,248/- for the year ended June 30, 2017.

## Shariah Compliance and Audit Mechanism

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

## Corporate Governance:

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

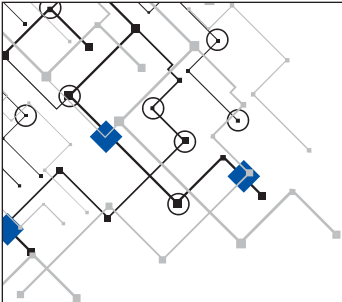
- The financial statements prepared by the Management of the Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in the equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied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

## Audit Committee:

An audit Committee of the Board has been established and members of the Committee are as follows;

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

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



# Directors' Report

## Attendance of Board Meetings:

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

|    | Name of Director    | Meetings Eligibility | Meetings Attended | Absence |
|----|---------------------|----------------------|-------------------|---------|
| 1) | Mr. Ather Naqi      | 4                    | 4                 | -       |
| 2) | Mr. Majid Hasan     | 4                    | 4                 | -       |
| 3) | Syed Nasir Raza     | 4                    | 4                 | -       |
| 4) | Mr. Shuja Malik     | 4                    | 3*                | 1       |
| 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, 2017 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, 2017, have been duly complied with except for one observation by the auditors. The auditors' review report is 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, 2018.

## 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 2017.

# ڈائریکٹرز کی رپورٹ

یو ڈی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (مضاربہ کی مینجمنٹ کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے بصد خوشی مضاربہ کی سالانہ رپورٹ بمعہ 30 جون 2017 کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات سرٹیفکیٹ ہولڈرز کی خدمت میں پیش کیے جا رہے ہیں۔

## مالی حسابات:

مالی حسابات کا خلاصہ

| اختتام سال      | اختتام سال  |
|-----------------|-------------|
| 30 جون 2016     | 30 جون 2017 |
| (ہزار روپے میں) |             |

34,334

32,529

3,638

4,719

37,972

37,248

سال کے لیے بعد از ٹیکس خالص منافع

جمع: آگے بڑھایا جانے والا غیر مختص شدہ منافع

اختصاص کے لیے دستیاب منافع

اختصاص

قانونی ذخائر

منقسم منافع

حتمی بحساب 11 فی صد (10%: 2016)

6,867

6,506

26,386

29,025

33,253

35,531

4,719

1,717

1.30

1.23

آگے بڑھایا جانے والا غیر مختص شدہ منافع

فی سرٹیفکیٹ آمدنی

## آپریٹرز کا جائزہ:

سال کے دوران آپریٹرز سے ہونے والی آمدنی 28.57 فی صد کے اضافے کے ساتھ مالی سال 2016 میں ہونے والی 175.13 ملین روپے کی آمدنی کے مقابلے میں اس سال 225.16 روپے ہو گئی، اس اضافے کی سب سے بڑی وجہ یہ تھی کہ فارماسیوٹیکل کی فروخت 135 فی صد کے اضافے سے 145.42 ملین روپے ہو گئی جس نے سرمایہ کاری کی آمدنی میں ہونے والی کمی کو بھی پورا کیا، سرمایہ کاری کی آمدنی 82.89 ملین سے کم ہو کر 34.48 ملین روپے ہو گئی تھی۔

تاہم سرمایہ کاری کی آمدنی میں کمی کی وجہ سے آپریٹنگ خسارہ 5.93 ملین روپے ہو گیا جب کہ اس سے پہلے سال کے دوران 33.05 ملین روپے کا آپریٹنگ منافع ہوا تھا، آپریٹنگ خسارے کی دوسری وجہ فروخت اور ڈسٹری بیوشن کے اخراجات میں اضافہ تھا جو سیلز کا 16.40 فی صد ہو گئے تھے۔

آپریٹنگ خسارے کے باوجود مضاربہ کو اس سال کے دوران 32.53 ملین روپے کا خالص منافع ہوا جبکہ اس سے پہلے مالی سال کے دوران طویل المدتی ذمے داریوں کی ری شیڈولنگ کی وجہ سے ایک بار وصولی کی وجہ سے یہ منافع 34.33 ملین روپے تھا۔

# ڈائریکٹرز کی رپورٹ

اس سال کے دوران فی سرٹیفکیٹ آمدنی 1.23 روپے رہی جو کہ مالی سال 2016 میں 1.30 روپے تھی۔

## فنانشل ڈویژن:

اجارہ آپریشنز سے آمدنی 15 فی صد کے اضافے سے 20.1 ملین روپے سے بڑھ کر 23.23 ملین روپے ہو گئی جو گزشتہ مالی سال میں ہونے والی آمدنی کے مطابق تھی، اجارہ کے علاوہ ہم نے اپنے کلائنٹس کو ڈائری میٹنگ مشارکہ (ڈی ایم) کے نام سے ایک نئے فنانسنگ طریقے کی پیشکش کرنا شروع کی اور سال کے دوران ڈی ایم سے آمدنی 76.2 ملین روپے رہی، اس وقت جس چیلنج کا سامنا ہے اس میں کابور کی کم شرح اور فارما ڈویژن میں فنڈز کے متنوع ہونے کی وجہ سے فنانشل ڈویژن میں فنڈز کی تبدیلی کی سست روی شامل ہے۔

## فارماسیوٹیکل ڈویژن:

جیسا کہ اوپر بیان کیا گیا ہے کہ فارماسیوٹیکل کی فروخت میں 135 فی صد کا اضافہ ہوا ہے، اس فروخت میں مزید اضافہ کرنے کے لیے ہم نے سال کے دوران متعدد مصنوعات متعارف کرائیں جن کا پھل رواں مالی سال کے دوران ملے گا، رواں مالی سال کے دوران ہم مزید کچھ مصنوعات متعارف کرانے کا منصوبہ رکھتے ہیں لیکن اس کا انحصار رجسٹریشن کے بروقت حصول پر ہے، موجودہ حکومت کے دور میں ڈرگ ریگولیٹری اتھارٹی آف پاکستان کا رجسٹریشن ڈپارٹمنٹ اپنے آپریشنز کو درست سمت میں لا چکا ہے اور ہمیں امید ہے کہ ہم اپنے پورٹ فولیو میں مناسب تعداد میں نئی مصنوعات شامل کرنے میں کامیاب ہو جائیں گے۔

ہم پاکستان کی صف اول کی ایک فارماسیوٹیکل کمپنی کے لیے بھی دو مصنوعات تیار کر رہے ہیں جس سے ہونے والی آمدنی کی وجہ سے مضاربہ کے منافع میں اضافہ ہوا۔ کچھ ممالک میں ایکسپورٹ رجسٹریشن کے لیے درخواستیں بھی جمع کرادی گئی ہیں اور ان کے جواب کا انتظار ہے۔

## فیوچر آؤٹ لک:

نئی اور جدید مصنوعات کو متعارف کراتے ہوئے سیلز بڑھانے پر سب سے زیادہ توجہ دی جا رہی ہے، مصنوعات کی حالت کو بڑھانے کے لیے متعلقہ ذرائع میں سرمایہ کاری کرنے پر غور کیا جا رہا ہے، ہمیں امید ہے کہ آپ کا مضاربہ نئی بلندیوں کو حاصل کر لے گا، ان شاء اللہ

## منافع کی تقسیم:

بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لیے 11 فی صد (1.10 روپے فی سرٹیفکیٹ) کے حساب سے حتمی نقد منافع دینے کی منظوری دی ہے جس کی مجموعی رقم 29,025,248 روپے بنتی ہے۔

# ڈائریکٹرز کی رپورٹ

## شرعی تعمیل اور آڈٹ میکانزم:

مضاربہ کے لیے قانون، رولز اور ریکولیشنز کے تحت اور پراسپیکٹس کے مطابق آپ کے مضاربہ نے شرعیہ گائیڈ لائنز اور آڈٹ میکانزم کی تعمیل کی ہر ممکن کوشش کی ہے اور اس کی تصدیق شرعیہ ایڈوائزر نے اپنی رپورٹ میں بھی کی ہے۔

## کارپوریٹ گورننس:

مضاربہ نے ایس ای سی پی کی جانب سے متعارف کرائے جانے والے کوڈ آف کارپوریٹ گورننس کے تمام پہلوؤں پر عملدرآمد کیا ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل:

- مضاربہ کی مینجمنٹ کی جانب سے تیار کردہ فنانشل اسٹیٹمنٹ میں اس کے معاملات کی صورتحال، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی کی تبدیلی سے متعلق تمام صورتحال کو درست انداز میں پیش کیا گیا ہے۔

- مضاربہ کی جانب سے اکاؤنٹس کی کتابوں کو صحیح انداز میں تیار کیا گیا ہے۔

- فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔

- فنانشل اسٹیٹمنٹ کی تیاری میں مضاربہ کے لیے پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے۔

- انٹرنل کنٹرول کاسٹم اپنے ڈیزائن میں مضبوط ہے اور اس کو موثر طریقے سے مانٹر کیا جاتا ہے اور اس پر عملدرآمد کیا جاتا ہے۔

- کمپنی کی کارکردگی جاری رہنے کے بارے میں کسی قسم کا شبہ نہیں پایا جاتا۔

- لسٹنگ ریکولیشنز میں کارپوریٹ گورننس کی پریکٹسز کے بارے میں دی گئی تفصیلات میں کسی قسم کا انحراف نہیں کیا گیا۔

- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیگمات اور ان کے بچوں کی جانب سے سال کے دوران کمپنی کے حصص کی ٹریڈنگ نہیں کی گئی۔

## آڈٹ کمیٹی:

بورڈ کی آڈٹ کمیٹی قائم کی گئی اور اس کمیٹی کے ممبران مندرجہ ذیل ہیں:-

1- سید ناصر رضا چیئر مین

2- جناب ماجد حسن ممبر

3- جناب اے رحیم سوریا ممبر

4- جناب اقبال احمد سیکریٹری

کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق چیف فنانشل آفیسر اور انٹرنل آڈیٹر نے اجلاسوں میں شرکت کی۔

# ڈائریکٹرز کی رپورٹ

## بورڈ کے اجلاسوں میں حاضری:

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری کی صورت حال درج ذیل ہے:-

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

\* غیر حاضری کی رخصت بورڈ نے دی۔

## سرٹیفکیٹ ہولڈرز کا پیٹرن:

30 جون 2017 کو ختم ہونے والے مالی سال کے لیے مضاربہ کے سرٹیفکیٹ ہولڈرز کے پیٹرن پر مشتمل اسٹیٹمنٹ اور دیگر اضافی معلومات اس رپورٹ کے منسلک ہے۔

## بہترین طریقوں کے ساتھ تعمیل کا بیان:

بورڈ بصد خوشی اس بات کا اظہار کرتا ہے کہ 30 جون 2017 کو ختم ہونے والے سال کے لیے کوڈ کی جملہ شرائط کی تعمیل کی گئی ماسوائے ایک کے، جس کی نشاندہی آڈیٹرز کی جانب سے کی گئی، آڈیٹرز کی جائزہ رپورٹ ساتھ منسلک ہے۔

## آڈیٹرز:

موجودہ آڈیٹرز، میسرز منیف ضیا الدین اینڈ کو، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو چکے ہیں اور اہلیت رکھنے کی وجہ سے وہ دوبارہ اپنی تقرری کی پیش کش کر چکے ہیں، بورڈ نے آڈٹ کمیٹی کو 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے مضاربہ کے لیے بحیثیت آڈیٹر دوبارہ ان کی تقرری کی سفارش کی ہے۔

## اعتراف:

اس موقع سے فائدہ اٹھاتے ہوئے بورڈ، رجسٹرڈ مضاربہ 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 آر اے پی) کے تمام آفیشلز کا شکریہ ادا کرنا چاہتا ہے جنہوں نے ہمیشہ رہنمائی اور مدد فراہم کی۔

بورڈ اپنے تمام کسٹمرز اور سرٹیفکیٹ ہولڈرز کا بھی شکریہ ادا کرتا ہے جنہوں نے ہمیشہ مضاربہ پر اعتماد اور بھروسہ کیا اور منجمنٹ ممبران و اسٹاف کے پختہ عزم اور لگاؤ پر ان کا بھی شکریہ۔

اطہر نقی

چیف ایگزیکٹو

برائے اور بورڈ کے توسط سے

مورخہ: 27 ستمبر 2017











# Six Years Financials

## Balance Sheet Summary

(Rs. in million)

Year Ended June 30, 2017

### EQUITY

|                                          |        |        |        |        |        |        |
|------------------------------------------|--------|--------|--------|--------|--------|--------|
| Issued, subscribed & paid up capital     | 263.87 | 263.87 | 263.87 | 263.87 | 263.87 | 263.87 |
| Satutory Reserve                         | 193.33 | 201.64 | 215.33 | 245.66 | 252.53 | 259.03 |
| Revenue Reserve and unappropriate profit | 47.49  | 87.90  | 98.69  | 121.20 | 126.63 | 197.89 |

|                     |               |               |               |               |               |                |
|---------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>Total Equity</b> | <b>504.69</b> | <b>553.41</b> | <b>577.89</b> | <b>630.73</b> | <b>643.03</b> | <b>720.788</b> |
|---------------------|---------------|---------------|---------------|---------------|---------------|----------------|

### LIABILITIES

|                            |        |        |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|--------|
| Customer Security Deposit  | 60.72  | 97.33  | 60.84  | 42.31  | 33.704 | 19.221 |
| Other Deferred Liabilities | 105.82 | 104.02 | 104.01 | 104.01 | 104.01 | -      |

### Current Liabilities

|                                                |       |       |       |        |        |        |
|------------------------------------------------|-------|-------|-------|--------|--------|--------|
| Current maturity of Long term Security Deposit | 10.83 | 6.86  | 50.20 | 36.47  | 44.254 | 23.208 |
| Other Current Liabilities                      | 33.87 | 34.57 | 35.80 | 53.931 | 55.371 | 93.964 |

|                          |               |               |               |                |                |                |
|--------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| <b>Total Liabilities</b> | <b>211.24</b> | <b>242.77</b> | <b>250.85</b> | <b>236.721</b> | <b>237.339</b> | <b>136.394</b> |
|--------------------------|---------------|---------------|---------------|----------------|----------------|----------------|

|                                       |               |               |               |                |                |                |
|---------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| <b>Total Equity &amp; Liabilities</b> | <b>715.93</b> | <b>796.18</b> | <b>828.74</b> | <b>867.458</b> | <b>880.369</b> | <b>857.182</b> |
|---------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|

### ASSETS

|                                |               |               |               |                |                |                |
|--------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Assets Leased Out              | 283.23        | 324.97        | 273.71        | 207.94         | 219.812        | 136.057        |
| Assets in own use - Tangible   | 7.07          | 180.71        | 190.56        | 184.795        | 170.430        | 174.874        |
| Assets in own use - Intangible | 1.50          | 2.50          | 2.69          | 2.38           | 2.089          | 1.789          |
| Long Term Investment           | 69.48         | 131.69        | 136.78        | 233.63         | 224.35         | 300.97         |
| Other Long Term Assets         | 0.07          | 8.56          | 0.14          | 0.14           | 0.877          | 0.90           |
| Capital Work in Progress       | -             | -             | -             | -              | 5.960          | -              |
| Diminishing Musharka Financing | -             | -             | -             | -              | -              | 39.280         |
| <b>Total Assets</b>            | <b>361.35</b> | <b>648.43</b> | <b>603.88</b> | <b>628.258</b> | <b>623.526</b> | <b>653.873</b> |

### Current Assets

|                             |               |               |               |                |                |                |
|-----------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Stock                       | -             | 2.97          | 10.40         | 18.952         | 21.952         | 26.438         |
| Musharka                    | 140.35        | 13.12         | 8.75          | 0.500          | 0.500          | -              |
| Short Term Investments      | 12.38         | 24.89         | 48.50         | 40.245         | 42.858         | 33.179         |
| Other Current Assets        | 29.39         | 10.92         | 34.33         | 86.112         | 43.12          | 52.103         |
| Cash & Bank Balances        | 172.46        | 95.85         | 122.88        | 93.391         | 148.389        | 91.589         |
| <b>Total Current Assets</b> | <b>354.58</b> | <b>147.75</b> | <b>224.86</b> | <b>239.200</b> | <b>256.852</b> | <b>203.309</b> |

|                     |               |               |               |                |                |                |
|---------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| <b>Total Assets</b> | <b>715.93</b> | <b>796.18</b> | <b>828.74</b> | <b>867.458</b> | <b>880.372</b> | <b>857.182</b> |
|---------------------|---------------|---------------|---------------|----------------|----------------|----------------|

# Income Statement Highlights

(Rs. in million)

Year Ended June 30, 2017

|                            | 2012   | 2013  | 2014  | 2015  | 2016  | 2017   |
|----------------------------|--------|-------|-------|-------|-------|--------|
| Lease                      | 19.97  | 29.12 | 31.91 | 26.55 | 20.15 | 23.23  |
| Musharika                  | 18.35  | 13.89 | 3.45  | 3.93  | 4.00  | 3.50   |
| Diminishing Musharaka      | -      | -     | -     | -     | -     | 2.77   |
| Capital Gain on Investment | 3.926  | 16.05 | 72.35 | 61.77 | 82.89 | 34.49  |
| Sales - Pharma             | -      | 1.50  | 17.95 | 22.64 | 61.91 | 145.42 |
| Other                      | 18.042 | 15.00 | 8.08  | 10.48 | 6.17  | 15.75  |

**Total Income**

|        |       |        |        |        |        |
|--------|-------|--------|--------|--------|--------|
| 60.288 | 75.56 | 133.74 | 125.37 | 175.13 | 225.16 |
|--------|-------|--------|--------|--------|--------|

## EXPENSES

|                             |       |       |       |        |       |        |
|-----------------------------|-------|-------|-------|--------|-------|--------|
| Operating                   | 19.71 | 33.61 | 40.53 | 48.622 | 48.15 | 53.30  |
| Cost of goods sold - Pharma | -     | 11.71 | 31.98 | 45.15  | 71.05 | 100.46 |
| Selling & distribution      | -     | -     | 13.72 | 31.76  | 22.72 | 77.21  |
| Financial                   | 0.03  | 0.04  | 0.03  | 0.10   | 0.13  | 0.11   |

**Total Expenses**

|       |       |       |         |        |        |
|-------|-------|-------|---------|--------|--------|
| 19.74 | 45.36 | 86.26 | 125.632 | 142.08 | 231.09 |
|-------|-------|-------|---------|--------|--------|

|                                       |       |       |       |        |       |        |
|---------------------------------------|-------|-------|-------|--------|-------|--------|
| Share of Profit from Associates       | 11.6  | 16.07 | 24.47 | 12.60  | -     | -      |
| Unrealized gain on investments        | 2.87  | 4.29  | 7.05  | 1.84   | 6.44  | (5.36) |
| Gain on settlement of liability       | -     | -     | -     | -      | -     | 51.58  |
| Profit / (Loss) before Management Fee | 55.02 | 50.56 | 79.00 | 169.77 | 39.49 | 40.29  |
| Less:- Management Fee & Other         | 5.50  | 7.07  | 10.56 | 20.03  | 5.16  | 7.76   |
| Profit before Taxation                | 49.52 | 43.49 | 68.44 | 149.74 | 34.33 | 32.53  |

**Less:- Taxation**

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| - | - | - | - | - | - |
|---|---|---|---|---|---|

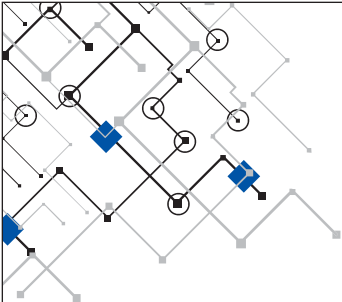
**Net Profit**

|       |       |       |        |       |       |
|-------|-------|-------|--------|-------|-------|
| 49.52 | 43.49 | 68.44 | 149.74 | 34.33 | 32.53 |
|-------|-------|-------|--------|-------|-------|

## APPROPRIATIONS

|                   |       |       |       |       |       |       |
|-------------------|-------|-------|-------|-------|-------|-------|
| Final Dividend    | 39.58 | 52.77 | 55.41 | 65.96 | 26.38 | 29.03 |
| Statutory Reserve | 9.9   | 8.69  | 13.68 | 29.94 | 6.87  | 6.51  |

|                                       |       |        |       |       |       |       |
|---------------------------------------|-------|--------|-------|-------|-------|-------|
| Break-up value per Certificates (Rs.) | 19.12 | 20.97  | 21.90 | 23.90 | 24.36 | 27.32 |
| Market Price on 30th June (Rs.)       | 7.40  | 10.00  | 18.78 | 24.78 | 19.50 | 37.70 |
| Dividend per Certificate (Rs.)        | 1.50  | 2.00   | 2.10  | 4.50  | 1.00  | 1.10  |
| Earning Per Certificate (Rs.)         | 1.88  | 1.65   | 2.59  | 5.67  | 1.30  | 1.23  |
| Current Ratio (X)                     | 8.04  | 3.57   | 2.60  | 2.64  | 2.50  | 1.74  |
| Net Profit margin (%)                 | 31.90 | 23.91  | 26.65 | 65.39 | 19.60 | 14.45 |
| Return on Equity (%)                  | 9.81  | 7.85   | 11.84 | 23.74 | 5.40  | 4.51  |
| Return on Investment (%)              | 22.48 | 23.25  | 56.06 | 84.66 | 33.43 | 8.72  |
| Dividend Payout (%)                   | 79.79 | 121.45 | 80.96 | 79.36 | 76.85 | 89.22 |



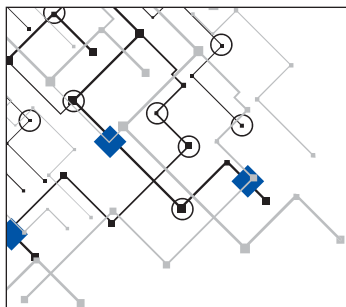
# Statement of Compliance with the Code of Corporate Governance

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

- 1) The Modaraba encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors . The newly elected Board comprises of the following

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

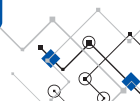
- 2) The directors have confirmed that none of them is serving as a director in more than seven listed companies including Modaraba.
- 3) All the resident directors of the Modaraba are registered taxpayer and, none of them has defaulted in payment of any loan to a Bank, Modaraba, DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) There was no casual vacancy occurred during the period.
- 5) The Company has adopted a Code of Conduct which has been disseminated throughout the Company it has been placed on the website of the Company.
- 6) The Board has developed a vision / mission statement an overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All powers of the Board have been duly exercised and decisions on material transactions, and major judgemental area if any were taken by the board. The board approves the appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive and/or Non Executive Directors.
- 8) The meetings of the Board were presided by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met atleast once in every quarter. Written notices of Board meeting, along with agenda and working papers, circulated at least seven days before the meetings. The minutes of the meeting were appropriately circulated and recorded in time.
- 9) Majority of the Director of the Board are having more than 14 years of education and more than 15 years of experience therefore they are exempted from the Directors' training program as prescribed by the Code of Corporate Governance. However, one executive director has completed required Directors Training Programme from recognized institute.
- 10) The Board has approved appointment of CFO, Modaraba Secretary and head of Internal Audit, Including their remuneration, terms and conditions of employment.
- 11) The Director's report for this year has been prepared in compliance with the requirements of the CCG containing the salient matters required to be disclosed.



- 12) The financial statements of the Modaraba were endorsed by CEO and CFO and duly reviewed by the Audit Committee before approval of the Board.
- 13) The Director's, CEO and executives do not hold any interest in the Certificate of the Modaraba other than that disclosed in the pattern of Certificate holdings.
- 14) The Modaraba has complied with all the corporate and financial reporting requirement of the CCG.
- 15) The Board has formed an Audit Committee comprising Non Executives Directors.
- 16) The meetings of the Audit committee were held atleast once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for the compliance.
- 17) The Board has also constituted a Human Resource and Remuneration Committee comprising of two Non Executives and one Executive Director. The Chairman of the Committee is a Non Executive Director.
- 18) The Board has setup and effective internal audit function.
- 19) The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold Certificate of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
- 20) The statutory auditor or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations. The auditors have confirmed that they have observed IFAC guideline in this regard.
- 21) The Company determined "Closed periods" prior to the announcement of interim/final results and business decisions, which may materially affect the market price of the Modaraba Certificates, and work intimated immediately to Directors / employees and stock exchange(s).
- 22) Material and price sensitive information has been disseminated at once among all market participant through stock exchange(s).
- 23) Subsequent to the year end the Modaraba ensure that all key appointments and designations are made after having taken into account the recommendations of HR Committee.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with.

-Sd-

Ather Naqi  
Chief Executive Officer  
Date: 27th Sep, 2017



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **UDL MODARABA MANAGEMENT (PRIVATE) LIMITED**, the Management Company of **FIRST UDL MODARABA** for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended June 30, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

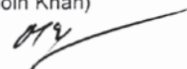
**Note**

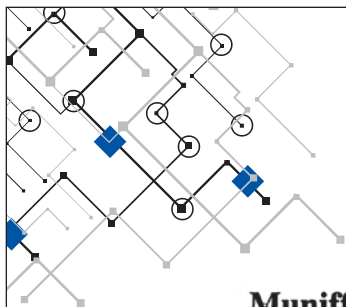
**reference Description**

- |   |                                                                                                                                                                                                                                                                                                  |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | As per the requirement of 5.19.1 (d) the executive directors, i.e., paid executives of the company from among senior management, shall not be more than one third of the elected directors, including the Chief Executive; the company has more executive directors than the threshold as above. |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**KARACHI:**  
Date: 27th Sep, 2017

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





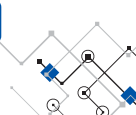
**INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS**

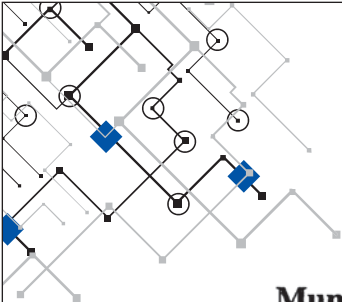
We have audited the annexed balance sheet of **First UDL Modaraba** (the Modaraba) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred 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





**Muniff Ziauddin & Co.**  
Chartered Accountants

**BKR**  
INTERNATIONAL

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, 2017 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.

**KARACHI**

Date: 27th Sep, 2017

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



**Mufti Abdul Qadir**

**Shariah Advisor**

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

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

Ref: ASR-GSR

Date: 27-09-17

**Annual Shari'ah Review Report of**  
**First UDL Modaraba (FUDLM)**  
**For the year ended June 30, 2017**

*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, 2017 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. However, no training session has been attended by staff members of the Modaraba 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
- iii. The earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.

*Abdul Qadir*

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

**Charity:**

An amount of Rs. 468,447/- was collected on account of non-timely payments by customers of which a maximum sum of Rs. 407,700/- already paid 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. 2,892,590. 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) It is recommended that the charity amount should be fully distributed to the approved charitable organizations within the specific time period as specified in SCSAM for Modarabas.

**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.

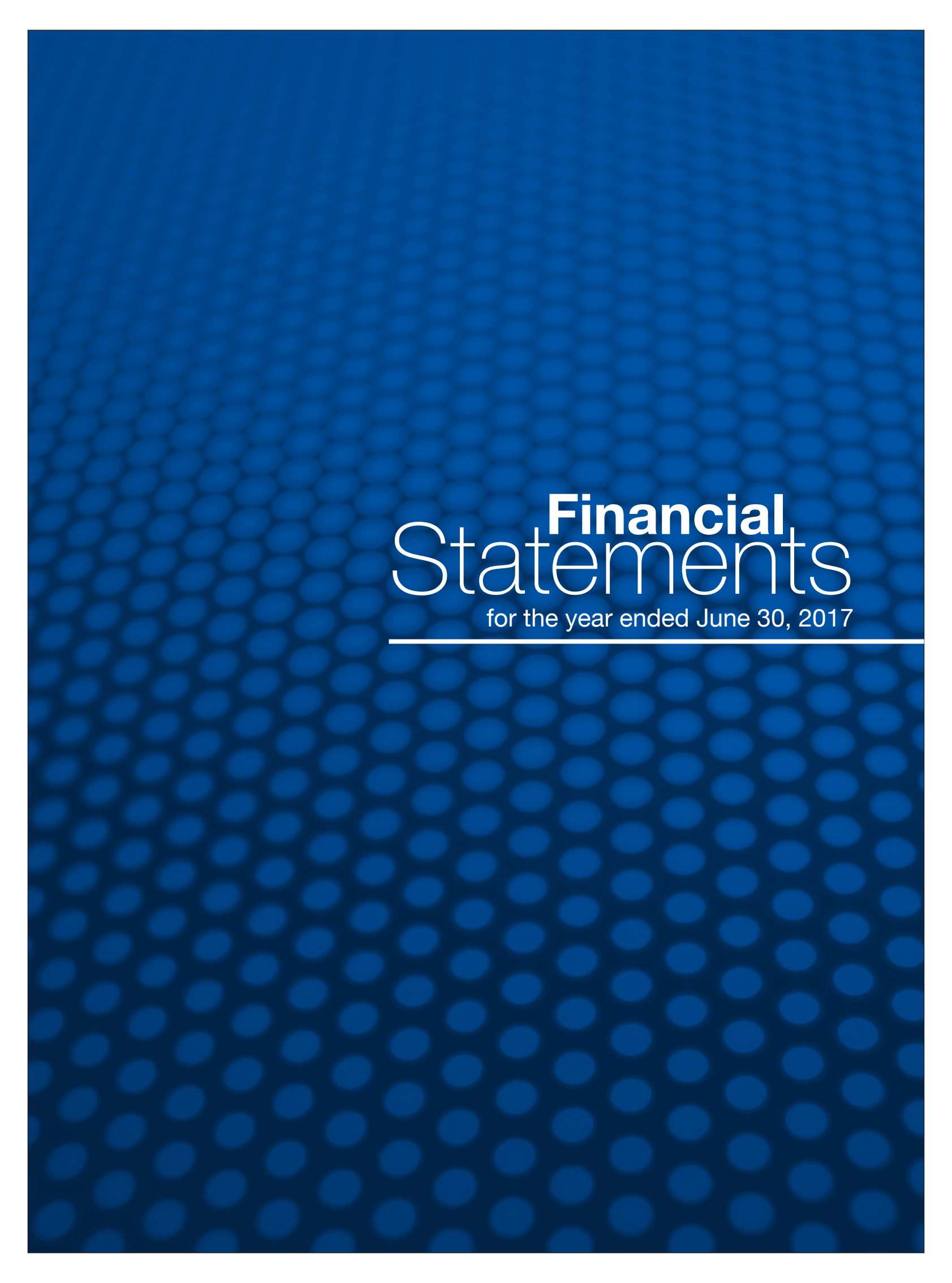
*May Allah make us successful in this world and hereafter and forgive our mistakes.*

**Signature**

Mufti Abdul Qadir  
Shari'ah Advisor

Dated: September 27th, 2017.





# **Financial** Statements

for the year ended June 30, 2017

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# Balance Sheet

as at June 30, 2017

## ASSETS

### Non-current assets

|                                 |   |                    |                    |
|---------------------------------|---|--------------------|--------------------|
| Fixed assets - tangible         | 6 | 310,930,722        | 390,243,157        |
| Capital work in process         |   | -                  | 5,960,000          |
| Fixed assets - intangibles      | 7 | 1,789,000          | 2,089,000          |
| Long term investments           | 8 | 300,971,610        | 224,350,999        |
| Diminishing Musharaka financing | 9 | 39,279,517         | -                  |
| Long term deposits              |   | 902,100            | 877,100            |
| <b>Total non-current assets</b> |   | <b>653,872,949</b> | <b>623,520,256</b> |

### Current assets

|                                                   |    |                    |                    |
|---------------------------------------------------|----|--------------------|--------------------|
| Ijarah rental receivables                         | 10 | 93,125             | 3,074,710          |
| Stocks                                            | 11 | 26,438,004         | 21,985,310         |
| Trade debts                                       | 12 | 9,893,928          | 12,255,181         |
| Musharakah receivables - secured                  | 13 | -                  | 500,000            |
| Diminishing musharaka financing - current portion | 9  | 11,952,991         | -                  |
| Diminishing musharaka financing - Receivable      |    | 97,452             | -                  |
| Investments                                       | 14 | 33,179,306         | 42,858,736         |
| Advances                                          | 15 | 23,440,364         | 13,522,443         |
| Prepayments and other receivables                 | 16 | 6,624,695          | 14,266,973         |
| Bank balances                                     | 17 | 91,589,475         | 148,389,275        |
| <b>Total current assets</b>                       |    | <b>203,309,339</b> | <b>256,852,629</b> |

### Total assets

|                    |                    |
|--------------------|--------------------|
| <b>857,182,288</b> | <b>880,372,885</b> |
|--------------------|--------------------|

## EQUITY AND LIABILITIES

### Certificate holders' equity

|                                                                     |    |                    |                    |
|---------------------------------------------------------------------|----|--------------------|--------------------|
| Certificate capital                                                 | 18 | 263,865,890        | 263,865,890        |
| Statutory reserves                                                  | 19 | 259,037,386        | 252,531,444        |
| Unrealized gain on re-measurement of available for sale investments |    | 167,142,050        | 95,523,884         |
| Unappropriated profit                                               |    | 30,742,727         | 31,105,546         |
| <b>Total equity</b>                                                 |    | <b>720,788,053</b> | <b>643,026,764</b> |

### Non-current Liabilities

|                                      |    |                   |                    |
|--------------------------------------|----|-------------------|--------------------|
| Long term security deposits          | 20 | 19,220,856        | 33,704,556         |
| Deferred liabilities                 | 21 | -                 | 104,016,279        |
| <b>Total non-current liabilities</b> |    | <b>19,220,856</b> | <b>137,720,835</b> |

### Current Liabilities

|                                              |    |                    |                   |
|----------------------------------------------|----|--------------------|-------------------|
| Current maturity of security deposits        | 20 | 23,208,892         | 44,254,091        |
| Payable to International Finance Corporation | 21 | 52,433,740         | -                 |
| Payable to management company                | 22 | 3,708,177          | 6,678,843         |
| Accrued and other liabilities                | 23 | 37,822,569         | 48,692,352        |
| <b>Total current liabilities</b>             |    | <b>117,173,378</b> | <b>99,625,286</b> |

### Total liabilities and equity

|                    |                    |
|--------------------|--------------------|
| <b>857,182,288</b> | <b>880,372,885</b> |
|--------------------|--------------------|

## CONTINGENCIES AND COMMITMENTS

24

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 Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Profit & Loss Account

for the year ended June 30, 2017

## Income from:

- Ijarah operations
- Musharaka finance
- Diminishing Musharaka
- Investments
- Pharma business
- Other sources

## Expenses

- Cost of goods sold- pharma
- Selling & distribution
- Operating
- Financial charges

## Operating (loss)/profit

- Unrealized (loss)/gain on re-measurement of investments at fair value through profit or loss
- Gain on settlement of liability

## Less:

- Modaraba management company's remuneration

- Services sales tax on management company's remuneration

## Less:

- Workers Welfare Fund

## Profit before tax

- Provision for taxation

## Profit after taxation

- Earnings per certificate - basic and diluted

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

| Note | 2017               | 2016               |
|------|--------------------|--------------------|
|      | ← Rupees →         |                    |
| 25   | 23,233,137         | 20,154,525         |
|      | 3,500,000          | 4,000,000          |
|      | 2,768,980          | -                  |
| 26   | 34,485,062         | 82,899,816         |
| 27   | 145,421,249        | 61,909,755         |
| 28   | 15,753,581         | 6,173,830          |
|      | <u>225,162,009</u> | <u>175,137,926</u> |
| 29   | 100,463,528        | 71,057,940         |
| 30   | 77,210,480         | 22,728,847         |
| 31   | 53,302,350         | 48,159,213         |
| 32   | 117,695            | 135,972            |
|      | <u>231,094,053</u> | <u>142,081,973</u> |
|      | <u>(5,932,044)</u> | <u>33,055,954</u>  |
| 21.1 | (5,357,154)        | 6,442,391          |
|      | 51,582,539         | -                  |
|      | <u>40,293,341</u>  | <u>39,498,344</u>  |
|      | (4,029,334)        | (3,949,834)        |
| 33   | (3,070,423)        | (513,478)          |
|      | <u>33,193,584</u>  | <u>35,035,031</u>  |
|      | (663,872)          | (700,701)          |
|      | <u>32,529,712</u>  | <u>34,334,331</u>  |
| 34   | -                  | -                  |
|      | <u>32,529,712</u>  | <u>34,334,331</u>  |
| 35   | 1.23               | 1.30               |

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Statement of Comprehensive Income

for the year ended June 30, 2017

|                                                                        | 2017        | 2016       |
|------------------------------------------------------------------------|-------------|------------|
|                                                                        | Rupees      |            |
| Profit after taxation                                                  | 32,529,712  | 34,334,331 |
| Other comprehensive income                                             |             |            |
| Items that will be reclassified to profit and loss account on disposal |             |            |
| Unrealized gain on re-measurement of available for sale investment     | 71,618,166  | 43,928,929 |
|                                                                        | -           |            |
| Other comprehensive income                                             | 71,618,166  | 43,928,929 |
| Total comprehensive income                                             | 104,147,878 | 78,263,260 |

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 Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Cash Flow Statement

for the year ended June 30, 2017

|                                                                                              | Note | 2017         | 2016         |
|----------------------------------------------------------------------------------------------|------|--------------|--------------|
|                                                                                              |      | ← Rupees →   |              |
| CASH FLOW FROM OPERATING ACTIVITIES                                                          |      |              |              |
| Profit before taxation                                                                       |      | 32,529,712   | 34,334,331   |
| Adjustment of non cash items:                                                                |      |              |              |
| Depreciation on own assets                                                                   | 6    | 22,023,881   | 21,011,819   |
| Amortization of Intangible asset                                                             | 7    | 300,000      | 300,000      |
| Unrealized (loss)/gain on re-measurement of investments at fair value through profit or loss |      | 5,357,154    | (6,442,391)  |
| Depreciation on assets leased out under Ijarah                                               | 6    | 72,525,648   | 93,076,128   |
| Gain on sale of investments                                                                  | 26   | (31,518,219) | (79,019,258) |
| Gain on sale of fixed assets                                                                 |      |              |              |
| - own assets                                                                                 | 28   | (1,196,549)  | (3,233,217)  |
| - assets leased out under Ijarah                                                             | 25   | (498,839)    | 478,150      |
| Dividend income                                                                              | 26   | (2,966,843)  | (3,880,558)  |
| Financial charges                                                                            | 32   | 117,695      | 135,972      |
| Operating profit before working capital changes                                              |      | 96,673,640   | 56,760,977   |
| Changes in working capital:                                                                  |      |              |              |
| (Increase) / decrease in current assets                                                      |      |              |              |
| Ijarah rental receivables                                                                    |      | 2,981,586    | (697,655)    |
| Stock-in-trade                                                                               |      | (4,452,694)  | (3,032,985)  |
| Trade debts                                                                                  |      | 2,361,253    | (7,594,041)  |
| Musharaka receivables                                                                        |      | 500,000      | -            |
| Diminhsing musharaka financing - current protion                                             |      | (12,050,443) | -            |
| Advances                                                                                     |      | (9,917,921)  | (2,613,663)  |
| Prepayments & other receivables                                                              |      | 7,642,278    | 27,296,205   |
|                                                                                              |      | (12,935,941) | 13,357,860   |
| Increase / (decrease) in current liabilities                                                 |      |              |              |
| Management fee payable                                                                       |      | (2,970,666)  | (7,048,149)  |
| Payable to International Finance Corporation                                                 |      | 52,433,740   | -            |
| Accrued and other liabilities                                                                |      | (31,914,982) | 8,489,700    |
|                                                                                              |      | 17,548,091   | 1,441,552    |
| Financial charges paid                                                                       |      | (117,695)    | (135,972)    |
| Net cash generated from operating activities                                                 |      | 101,168,095  | 71,424,416   |

# Cash Flow Statement

for the year ended June 30, 2017

Note      2017      2016  
 ← Rupees →

## CASH FLOW FROM INVESTING ACTIVITIES

|                                                     |                   |                   |
|-----------------------------------------------------|-------------------|-------------------|
| Purchase of fixed assets                            |                   |                   |
| - own assets                                        | (29,366,964)      | (12,502,784)      |
| - assets leased out under Ijarah                    | (25,660,500)      | (127,587,950)     |
| Purchase of Investments                             | (66,941,181)      | (185,995,771)     |
| Proceeds from sale of investments                   | 97,779,232        | 246,675,027       |
| Proceeds from sale of fixed assets                  |                   |                   |
| - own assets                                        | 4,096,256         | 11,028,829        |
| - assets leased out under Ijarah                    | 37,389,502        | 114,865,373       |
| Dividends received                                  | 2,966,843         | 3,880,558         |
| <b>Net cash generated from investing activities</b> | <b>20,263,188</b> | <b>50,363,282</b> |

## CASH FLOW FROM FINANCING ACTIVITIES

|                                                         |                      |                     |
|---------------------------------------------------------|----------------------|---------------------|
| Dividend paid                                           | (26,386,589)         | (65,966,473)        |
| Deferred liabilities                                    | (104,016,279)        | -                   |
| Capital work in process                                 | 5,960,000            | -                   |
| Diminishing Musharaka financing                         | (39,279,517)         | -                   |
| long term deposits                                      | (25,000)             | -                   |
| Long-term security deposits                             | (14,483,697)         | (823,778)           |
| <b>Net cash used in financing activities</b>            | <b>(178,231,082)</b> | <b>(66,790,251)</b> |
| Net (decrease)/increase in cash and cash equivalents    | (56,799,800)         | 54,997,447          |
| Cash and cash equivalents at the beginning of the year  | 148,389,275          | 93,391,827          |
| <b>Cash and cash equivalents at the end of the year</b> | <b>91,589,475</b>    | <b>148,389,275</b>  |

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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 Executive  
 Ather Naqi

-Sd-  
 Director  
 Shuja Malik

-Sd-  
 Director  
 Syed Nasir Raza

# Statement of Changes in Equity

for the year ended June 30, 2017

|                                                                | Certificate<br>Capital | *Statutory<br>Reserve | Unrealized gain<br>/(loss) on<br>re-measurement<br>of available for<br>sale investment | Unapp-<br>ropriated<br>Profit | Total<br>Certificate<br>Holders'<br>Equity |
|----------------------------------------------------------------|------------------------|-----------------------|----------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|
|                                                                | ← Rupees →             |                       |                                                                                        |                               |                                            |
| Balance as at July 1, 2015                                     | 263,865,890            | 245,664,578           | 51,594,955                                                                             | 69,604,554                    | 630,729,977                                |
| Total comprehensive income for the<br>year ended June 30, 2016 | -                      | -                     | 43,928,929                                                                             | 34,334,331                    | 78,263,260                                 |
| Profit distribution - 30 June 2015 at 25%                      | -                      | -                     | -                                                                                      | (65,966,473)                  | (65,966,473)                               |
| Transfer to statutory reserve at 20%                           | -                      | 6,866,866             | -                                                                                      | (6,866,866)                   | -                                          |
| Balance as at June 30, 2016                                    | 263,865,890            | 252,531,444           | 95,523,884                                                                             | 31,105,546                    | 643,026,764                                |
| Total comprehensive income for the<br>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            | 259,037,386           | 167,142,050                                                                            | 30,742,727                    | 720,788,053                                |

\* 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.

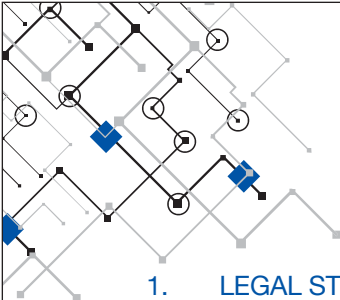
The annexed notes from 1 to 45 form an integral part of these financial statements.

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

-Sd-  
Chief Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza



# Notes to the Financial Statements

for the year ended June 30, 2017

## 1. LEGAL STATUS AND NATURE OF THE BUSINESS

First UDL Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under, having its registered office at 1st Floor, Business Enclave, 77-C, 12th Commercial Street, Off: Kh-e-Ittehad, DHA Phase II (Ext), Karachi and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, 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 approved accounting standards as applicable in Pakistan and the requirements of Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws). Approved accounting standards comprise such International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of relevant laws or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the relevant laws and the said directives take precedence.

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

### 2.2 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.

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

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

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

# Notes to the Financial Statements

for the year ended June 30, 2017

| Standard, Interpretation or Amendment |                                                                                 | Effective date<br>(annual periods<br>beginning on or after) |
|---------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------|
| IFRS 1                                | First time adoption of International Financial Reporting Standards (Amendments) | January 1, 2018                                             |
| IFRS 2                                | Share-based Payment (Amendments)                                                | January 1, 2018                                             |
| IFRS 9                                | Financial instruments (Amendments)                                              | January 1, 2018                                             |
| IFRS 12                               | Disclosure of interest in other entities (Amendments)                           | January 1, 2017                                             |
| IFRS 15                               | Revenue from Contracts with Customers                                           | January 1, 2018                                             |
| IFRS 16                               | Leases                                                                          | January 1, 2019                                             |
| IAS 7                                 | Statement of Cash Flows (Amendments)                                            | January 1, 2017                                             |
| IAS 12                                | Income Taxes (Amendments)                                                       | January 1, 2017                                             |
| IAS 28                                | Investments in Associates and Joint Ventures (Amendments)                       | January 1, 2018                                             |
| IAS 40                                | Investment Property (Amendments)                                                | January 1, 2018                                             |
| IFRIC 22                              | Foreign Currency Transactions and Advance Consideration                         | January 1, 2018                                             |
| IFRIC 23                              | Uncertainty over Income Tax Treatments                                          | January 1, 2019                                             |

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

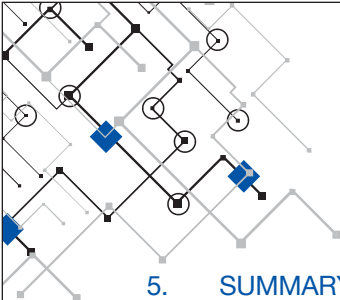
In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2016.

| Standard, Interpretation or Amendment |                                                                                                                               | Effective date<br>(annual periods<br>beginning on or after) |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| IFRS 12                               | Disclosure of Interests in Other Entities (Amendments)                                                                        | January 1, 2016                                             |
| IAS 16                                | Property, Plant and Equipment (Amendments bringing bearer plants into the scope of IAS 16)                                    | January 1, 2016                                             |
| IAS 16                                | Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation) | January 1, 2016                                             |
| IAS 38                                | Intangible Assets (Amendments)                                                                                                | January 1, 2016                                             |

## 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 |
| - Provision against Ijarah and Musharaka receivables | 5.8  |
| - Staff provident fund                               | 5.11 |
| - Impairment of assets                               | 5.20 |



# Notes to the Financial Statements

for the year ended June 30, 2017

## 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.

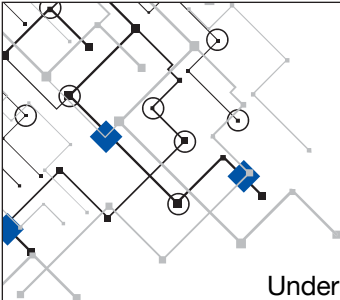
Intangibles having infinite life are capitalized at cost and are carried at cost less impairment, if any.

### 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.



# Notes to the Financial Statements

for the year ended June 30, 2017

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

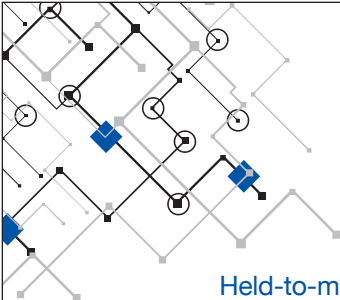
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

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

#### 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.



# Notes to the Financial Statements

for the year ended June 30, 2017

## 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

The Modaraba's financial liabilities include:

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

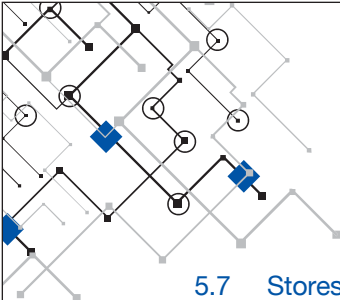
## Off-setting of financial assets and liabilities

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

### 5.6 Stocks

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

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



# Notes to the Financial Statements

for the year ended June 30, 2017

## 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.

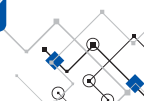
## 5.10 Taxation

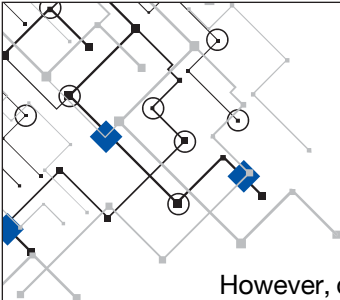
### 5.10.1 Current

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 it is no longer probable that the related tax benefit will be realized.





# Notes to the Financial Statements

for the year ended June 30, 2017

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

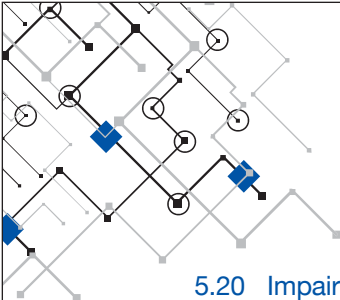
All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated 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, 2017

## 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, 2017

## 6. FIXED ASSETS - tangible

| 2017                                  | Cost                  |                   |                      | ACCUMULATED DEPRECIATION |                       |                        | Book value<br>As at June 30,<br>2017 | Depreciation<br>rate per<br>annum<br>% |
|---------------------------------------|-----------------------|-------------------|----------------------|--------------------------|-----------------------|------------------------|--------------------------------------|----------------------------------------|
|                                       | As at July 1,<br>2016 | Additions         | (Deletions)          | As at June 30,<br>2017   | As at July 1,<br>2016 | Charge for<br>the year | Disposal /<br>adjustments            |                                        |
|                                       |                       |                   |                      |                          |                       |                        |                                      | Rupees                                 |
| <b>Assets own use</b>                 |                       |                   |                      |                          |                       |                        |                                      |                                        |
| Lease hold land                       | 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                           | 5                                      |
| Plant & Machinery                     | 76,651,656            | 5,307,481         | -                    | 81,959,137               | 22,099,170            | 8,655,384              | 30,754,554                           | 10                                     |
| Furniture and fittings                | 6,780,246             | 12,430,890        | -                    | 19,211,136               | 4,316,908             | 1,045,843              | 5,362,751                            | 10                                     |
| Books                                 | 47,000                | 36,000            | -                    | 83,000                   | 32,900                | 10,596                 | 43,496                               | 20                                     |
| Vehicles                              | 27,375,773            | 9,750,600         | (5,201,365)          | 31,925,008               | 15,413,605            | 5,375,631              | (2,320,827)                          | 20                                     |
| Computer equipment                    | 4,375,021             | 241,700           | (103,500)            | 4,513,221                | 3,440,853             | 404,297                | (84,331)                             | 20                                     |
| Office equipment and appliances       | 7,645,975             | 768,740           | -                    | 8,414,715                | 4,175,284             | 1,450,048              | 5,625,332                            | 20                                     |
| <b>Sub total</b>                      | <b>234,550,514</b>    | <b>29,366,964</b> | <b>(5,304,865)</b>   | <b>258,612,613</b>       | <b>64,120,287</b>     | <b>22,023,881</b>      | <b>(2,405,158)</b>                   | <b>174,873,603</b>                     |
| <b>Assets leased out under Ijarah</b> |                       |                   |                      |                          |                       |                        |                                      |                                        |
| Machinery and equipments              | 91,146,873            | 7,718,000         | (77,446,873)         | 21,418,000               | 64,676,873            | 5,919,038              | (63,360,907)                         | 25-33                                  |
| Vehicles                              | 351,001,783           | 17,942,500        | (97,002,033)         | 271,942,250              | 157,658,853           | 66,606,610             | (74,197,336)                         | 25-33                                  |
| <b>Sub total</b>                      | <b>442,148,656</b>    | <b>25,660,500</b> | <b>(174,448,906)</b> | <b>293,360,250</b>       | <b>222,335,726</b>    | <b>72,525,648</b>      | <b>(137,558,243)</b>                 | <b>136,057,119</b>                     |
| <b>Total</b>                          | <b>676,699,170</b>    | <b>55,027,464</b> | <b>(179,753,771)</b> | <b>551,972,863</b>       | <b>286,456,013</b>    | <b>94,549,529</b>      | <b>(241,042,141)</b>                 | <b>310,930,722</b>                     |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 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 |
|---------------------|------------------|--------------------------|------------------|------------------|------------------|------------------|---------------------------|
|                     | Rupees           |                          |                  |                  |                  |                  |                           |
| Suzuki Ravi Pick-Up | 450,000          | 405,000                  | 45,000           | 400,000          | 355,000          | Quotation        | Mr. Abdur Rehman Shah     |
| Toyota Corolla      | 1,882,115        | 470,535                  | 1,411,580        | 1,764,625        | 353,045          | Insurance Claim  | M/s. UBL Insurers         |
| Suzuki Cultus       | 1,115,250        | 74,622                   | 1,040,628        | 1,119,000        | 78,372           | Insurance Claim  | M/s. UBL Insurers         |
| Suzuki Alto         | 754,000          | 754,000                  | -                | 365,950          | 365,950          | Negotiation      | Mr. Muhammad Rahim        |
| Toyota Corolla      | 1,000,000        | 616,670                  | 383,330          | 419,681          | 36,351           | Negotiation      | Mr. Asif Siddiqui         |
| Laptop              | 50,000           | 30,831                   | 19,169           | 20,000           | 831              | Negotiation      | Mr. Asif Siddiqui         |
| Laptop              | 53,500           | 53,500                   | -                | 7,000            | 7,000            | Negotiation      | M/s. TechLink             |
|                     | <u>5,304,865</u> | <u>2,405,158</u>         | <u>2,899,707</u> | <u>4,096,256</u> | <u>1,196,549</u> |                  |                           |

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

|                    | Note | 2017              | 2016              |
|--------------------|------|-------------------|-------------------|
|                    |      | Rupees            |                   |
| Cost of goods sold | 29   | 13,737,466        | 12,582,428        |
| Operating expense  | 31   | 8,286,415         | 8,429,391         |
|                    |      | <u>22,023,881</u> | <u>21,011,819</u> |

# Notes to the Financial Statements

for the year ended June 30, 2017

## FIXED ASSETS - tangible

| 2016 | Cost                  |           |             | ACCUMULATED DEPRECIATION |                       |                        |                           | Book value<br>As at June 30,<br>2016 | Depreciation<br>rate per<br>annum<br>% |
|------|-----------------------|-----------|-------------|--------------------------|-----------------------|------------------------|---------------------------|--------------------------------------|----------------------------------------|
|      | As at July 1,<br>2015 | Additions | (Deletions) | As at June 30,<br>2016   | As at July 1,<br>2015 | Charge for<br>the year | Disposal /<br>adjustments |                                      |                                        |
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|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |
|      |                       |           |             |                          |                       |                        |                           |                                      |                                        |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 7. FIXED ASSETS - intangible

| 2017                   | Cost               |           | ACCUMULATED DEPRECIATION |                     |                     | Useful life of the asset |
|------------------------|--------------------|-----------|--------------------------|---------------------|---------------------|--------------------------|
|                        | As at July 1, 2016 | Additions | As at June 30, 2017      | Charge for the year | As at June 30, 2017 |                          |
|                        |                    |           |                          | Rupees              |                     |                          |
| Computer Software      | 1,500,000          | -         | 1,500,000                | 300,000             | 1,500,000           | 20 Finite                |
| Products Name          | 1,789,000          | -         | 1,789,000                | -                   | -                   | - Infinite               |
| Total - 30th June 2017 | 3,289,000          | -         | 3,289,000                | 300,000             | 1,500,000           | 1,789,000                |

## FIXED ASSETS - intangible

| 2016                   | Cost               |           | ACCUMULATED DEPRECIATION |                     |                     | Useful life of the asset |
|------------------------|--------------------|-----------|--------------------------|---------------------|---------------------|--------------------------|
|                        | As at July 1, 2015 | Additions | As at June 30, 2016      | Charge for the year | As at June 30, 2016 |                          |
|                        |                    |           |                          | Rupees              |                     |                          |
| Computer Software      | 1,500,000          | -         | 1,500,000                | 900,000             | 1,200,000           | 300,000 20 Finite        |
| Products Name          | 1,789,000          | -         | 1,789,000                | -                   | -                   | 1,789,000 - Infinite     |
| Total - 30th June 2016 | 3,289,000          | -         | 3,289,000                | 900,000             | 1,200,000           | 2,089,000                |

# Notes to the Financial Statements

for the year ended June 30, 2017

|                                 | Note | 2017<br>Rupees     | 2016               |
|---------------------------------|------|--------------------|--------------------|
| <b>8. LONG TERM INVESTMENTS</b> |      |                    |                    |
| Available for sale              |      |                    |                    |
| Listed companies                | 8.1  | <u>300,971,610</u> | <u>224,350,999</u> |

## 8.1 Listed companies

|                                            | 2017<br>Number of<br>Shares /<br>Certificates | 2016<br>Number of<br>Shares /<br>Certificates | 2017<br>Rupees     | 2016<br>Rupees     |
|--------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------|--------------------|
| <b>Pharma &amp; Bio Tech</b>               |                                               |                                               |                    |                    |
| The Searle Company Limited                 | 243,474                                       | 196,190                                       | 124,653,819        | 105,187,269        |
| <b>Food and Personal Care Products</b>     |                                               |                                               |                    |                    |
| Gillette Pakistan Limited                  | 195,385                                       | 193,385                                       | 61,253,198         | 55,114,725         |
| Al Shaheer Corporation<br>Fertilizer       | 31,119                                        | 66,625                                        | 1,248,183          | 3,478,492          |
| Engro Fertilizers Limited                  | 16,500                                        | 54,000                                        | 911,460            | 3,481,920          |
| <b>Chemicals</b>                           |                                               |                                               |                    |                    |
| United Distributors (Pakistan) limited     | 1,251,583                                     | 962,569                                       | 83,856,061         | 26,951,932         |
| Lotte Pakistan PTA Ltd                     | -                                             | 181,000                                       | -                  | 1,087,810          |
| <b>Construction and material</b>           |                                               |                                               |                    |                    |
| Pakcem limited                             | -                                             | 642,000                                       | -                  | 11,337,720         |
| <b>Textile Composite</b>                   |                                               |                                               |                    |                    |
| International Knitwear Limited             | 823,653                                       | 549,102                                       | 11,539,379         | 8,867,997          |
| United Brands Limited                      | 77,060                                        | 71,560                                        | 14,718,460         | 3,970,864          |
| <b>Power Generation &amp; distribution</b> |                                               |                                               |                    |                    |
| K-Electric Ltd                             | 404,500                                       | 604,500                                       | 2,791,050          | 4,872,270          |
|                                            | <u>3,043,274</u>                              | <u>3,520,931</u>                              | <u>300,971,610</u> | <u>224,350,999</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. 6,143,760 which have been withheld by the company in lieu of withholding income tax on bonus shares.

|                                                       | Note | 2017<br>Rupees      | 2016     |
|-------------------------------------------------------|------|---------------------|----------|
| <b>9. DIMINISHING MUSHARAKA FINANCING</b>             |      |                     |          |
| Secured:                                              |      |                     |          |
| Diminishing Musharaka financing                       | 9.1  | 49,529,008          | -        |
| Less: Current portion shown                           |      | <u>(11,952,991)</u> | <u>-</u> |
|                                                       |      | 37,576,017          | -        |
| Add: Advance against diminishing musharakah financing |      | 1,703,500           | -        |
|                                                       |      | <u>39,279,517</u>   | <u>-</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, 2017

|     |                                                                                                                                                                                                                                                        | 2017               | 2016               |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|     |                                                                                                                                                                                                                                                        | Rupees             |                    |
| 10. | IJARAH RENTAL RECEIVABLES                                                                                                                                                                                                                              |                    |                    |
|     | Ijarah rental receivables                                                                                                                                                                                                                              | 6,554,527          | 5,628,524          |
|     | Income suspended                                                                                                                                                                                                                                       | (6,461,402)        | (2,553,814)        |
|     |                                                                                                                                                                                                                                                        | <u>93,125</u>      | <u>3,074,710</u>   |
|     | Ijarah future rental receivables                                                                                                                                                                                                                       |                    |                    |
|     | Not later than one year                                                                                                                                                                                                                                | 46,178,393         | 103,955,514        |
|     | Later than one year but not later than five years                                                                                                                                                                                                      | 77,702,749         | 91,547,459         |
|     |                                                                                                                                                                                                                                                        | <u>123,881,142</u> | <u>195,502,973</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                                                                                                                                                                                                                                                   | 2017               | 2016               |
|     |                                                                                                                                                                                                                                                        | Rupees             |                    |
| 11. | STOCKS                                                                                                                                                                                                                                                 |                    |                    |
|     | Raw material                                                                                                                                                                                                                                           | 7,225,345          | 6,650,118          |
|     | Packing material                                                                                                                                                                                                                                       | 8,667,333          | 4,737,610          |
|     | Promotion & Printing material                                                                                                                                                                                                                          | -                  | 540,389            |
|     | Work in Process                                                                                                                                                                                                                                        | 4,177,712          | 2,271,393          |
|     | Finished goods                                                                                                                                                                                                                                         |                    |                    |
|     | - Regular line                                                                                                                                                                                                                                         | 5,914,280          | 6,963,711          |
|     | - Oncology                                                                                                                                                                                                                                             | 4,905              | 822,090            |
|     | - Neutraceuticals products                                                                                                                                                                                                                             | 448,429            | -                  |
|     |                                                                                                                                                                                                                                                        | <u>26,438,004</u>  | <u>21,985,310</u>  |
| 12. | TRADE DEBTS                                                                                                                                                                                                                                            |                    |                    |
|     | Unsecured                                                                                                                                                                                                                                              |                    |                    |
|     | Considered good                                                                                                                                                                                                                                        | 9,893,928          | 12,255,181         |
|     |                                                                                                                                                                                                                                                        | <u>9,893,928</u>   | <u>12,255,181</u>  |
| 13. | MUSHARAKA FINANCING                                                                                                                                                                                                                                    |                    |                    |
|     | Secured:                                                                                                                                                                                                                                               |                    |                    |
|     | Consider good                                                                                                                                                                                                                                          |                    |                    |
|     | Musharaka financing                                                                                                                                                                                                                                    | -                  | 500,000            |
|     | Less: Current portion shown in current assets                                                                                                                                                                                                          | -                  | (500,000)          |
|     |                                                                                                                                                                                                                                                        | <u>-</u>           | <u>-</u>           |
|     | Consider doubtful                                                                                                                                                                                                                                      |                    |                    |
|     | Musharaka financing                                                                                                                                                                                                                                    | -                  | 5,427,676          |
|     | Less: Provision for non performing musharika finance                                                                                                                                                                                                   | -                  | (5,427,676)        |
|     |                                                                                                                                                                                                                                                        | <u>-</u>           | <u>-</u>           |
| 14. | INVESTMENTS                                                                                                                                                                                                                                            |                    |                    |
|     | - at fair value through profit or loss                                                                                                                                                                                                                 |                    |                    |
|     | Listed companies and modaraba                                                                                                                                                                                                                          | 14.1               | 33,179,306         |
|     |                                                                                                                                                                                                                                                        |                    | 42,858,736         |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 14.1 Listed companies and modaraba

|                                            | 2017<br>Number of<br>Shares /<br>Certificates | 2016<br>Number of<br>Shares /<br>Certificates | 2017<br>Rupees    | 2016<br>Rupees    |
|--------------------------------------------|-----------------------------------------------|-----------------------------------------------|-------------------|-------------------|
| <b>Oil &amp; Gas</b>                       |                                               |                                               |                   |                   |
| Pakistan State Oil Company Limited         | -                                             | 1,500                                         | -                 | 563,190           |
| Hascol Petroleum                           | 39                                            | 360                                           | 13,303            | 70,333            |
| Sui Northern Gas Pipelines Limited         | 213                                           | 713                                           | 31,720            | 25,875            |
| Sui Southern Gas Pipelines Limited         | 1,000                                         | -                                             | 36,410            | -                 |
| Oil And Gas Development Company Limited    | 2,000                                         | 5,000                                         | 281,380           | 690,350           |
| Pakistan Refinery Limited                  | -                                             | 10,000                                        | -                 | 411,800           |
| <b>Automobile</b>                          |                                               |                                               |                   |                   |
| Ghandhara Nissan Limited                   | 1,100                                         | -                                             | 247,588           | -                 |
| <b>Personal Goods</b>                      |                                               |                                               |                   |                   |
| Gillette Pakistan Limited                  | 3,100                                         | 3,000                                         | 971,850           | 855,000           |
| <b>Engineering</b>                         |                                               |                                               |                   |                   |
| Mughal Iron And Steel Industries           | 11,000                                        | 15,000                                        | 888,030           | 1,007,850         |
| Huffaz Seamless Pipe Industries Limited    | 33,500                                        | -                                             | 1,433,130         | -                 |
| <b>Pharma &amp; Bio Tech</b>               |                                               |                                               |                   |                   |
| Abbott Laboratories                        | 100                                           | -                                             | 93,460            | -                 |
| Ferozsons Laboratories                     | 200                                           | -                                             | 77,302            | -                 |
| Highnoon Laboratories                      | 329                                           | 3,644                                         | 206,043           | 2,100,402         |
| IBL Health Care Limited                    | 147,315                                       | 156,835                                       | 17,972,430        | 24,908,534        |
| <b>Textile</b>                             |                                               |                                               |                   |                   |
| Gadoon Textile Mills Limited               | 9,600                                         | -                                             | 2,025,600         | -                 |
| Nazir Cotton Mills Limited                 | 5,000                                         | -                                             | 27,200            | -                 |
| Redco Textile Limited                      | 49,500                                        | -                                             | 301,950           | -                 |
| <b>Financial Services</b>                  |                                               |                                               |                   |                   |
| First Fidelity Leasing Modaraba            | 20,630                                        | 20,630                                        | 77,156            | 49,512            |
| <b>Fertilizer</b>                          |                                               |                                               |                   |                   |
| Engro Corporation Limited                  | 27                                            | 3,527                                         | 8,800             | 1,174,385         |
| Fauji Fertilizer Bin Qasim                 | -                                             | 1,000                                         | -                 | 53,010            |
| <b>Modaraba</b>                            |                                               |                                               |                   |                   |
| Unicap Modaraba                            | 36,500                                        | 36,500                                        | 102,565           | 52,925            |
| First Equity Modaraba                      | 75,000                                        | 167,000                                       | 469,500           | 704,740           |
| <b>Cable &amp; Electrical Goods</b>        |                                               |                                               |                   |                   |
| TPL Trakker                                | 23,000                                        | -                                             | 227,240           | -                 |
| <b>Food &amp; Personal Care</b>            |                                               |                                               |                   |                   |
| Treet Corporation                          | 8,500                                         | -                                             | 483,480           | -                 |
| <b>Chemical</b>                            |                                               |                                               |                   |                   |
| ICI Pakistan Limited                       | 150                                           | -                                             | 164,183           | -                 |
| Ghani Gases Limited                        | 4,000                                         | -                                             | 105,200           | -                 |
| Nimir Resins Limited                       | 17,000                                        | -                                             | 160,310           | -                 |
| <b>Construction And Material</b>           |                                               |                                               |                   |                   |
| Pakcem Limited                             | -                                             | -                                             | -                 | -                 |
| Dewan Cement Limited                       | 25,000                                        | -                                             | 504,500           | -                 |
| Fauji Cement Limited                       | 25,000                                        | -                                             | 1,025,750         | -                 |
| Bestway Cement Limited                     | -                                             | 4,300                                         | -                 | 746,824           |
| Pioneer Cement Limited                     | -                                             | 4,500                                         | -                 | 483,300           |
| Power Cement Limited                       | 15,000                                        | -                                             | 200,700           | -                 |
| Power Cement Limited - Rights              | 325,326                                       | -                                             | 172,423           | -                 |
| <b>Glass And Ceramics</b>                  |                                               |                                               |                   |                   |
| Ghani Global Glass Limited                 | 1,500                                         | 100,500                                       | 29,985            | 1,819,050         |
| <b>Power Generation &amp; Distribution</b> |                                               |                                               |                   |                   |
| Lalpir Power Limited                       | 10,000                                        | -                                             | 205,200           | -                 |
| <b>Industrial Metals &amp; Mining</b>      |                                               |                                               |                   |                   |
| Crescent Steel & Allied Products Limited   | -                                             | 6,000                                         | -                 | 687,660           |
| <b>Fixed Line Telecommunication</b>        |                                               |                                               |                   |                   |
| Worldcall Telecom Limited                  | 200,000                                       | 200,000                                       | 610,000           | 392,000           |
| <b>Woollen</b>                             |                                               |                                               |                   |                   |
| Bannu Woollen Mills Limited                | -                                             | 19,500                                        | -                 | 1,036,620         |
| <b>Real Estate Investment</b>              |                                               |                                               |                   |                   |
| Dolmen City Reit                           | 36,500                                        | 88,000                                        | 420,113           | 950,400           |
| <b>Investment Banks/Securities</b>         |                                               |                                               |                   |                   |
| Pakistan Stock Exchange                    | 99,117                                        | -                                             | 2,545,325         | -                 |
| <b>Miscellaneous</b>                       |                                               |                                               |                   |                   |
| Macter International                       | 10,000                                        | -                                             | 990,000           | -                 |
| Gammon Pakistan Limited                    | 47,500                                        | 47,500                                        | -                 | 629,375           |
| Pakistan International Bulk Terminal       | 3,000                                         | 107,440                                       | 69,480            | 3,445,601         |
|                                            |                                               |                                               | <b>33,179,306</b> | <b>42,858,736</b> |

# Notes to the Financial Statements

for the year ended June 30, 2017

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

|                                      | 2017              | 2016              |
|--------------------------------------|-------------------|-------------------|
|                                      | Rupees            |                   |
| <b>15. ADVANCES</b>                  |                   |                   |
| - To staff - considered good         | 2,065,141         | 1,792,741         |
| - Advance against purchase           | 14,853,146        | -                 |
| - Advance against purchase of shares | 4,291,299         | -                 |
| - Advance against ijarah asset       | -                 | 2,821,500         |
| - Advance against letter of credits  | -                 | 1,154,135         |
| - Others                             | 2,230,778         | 7,754,067         |
|                                      | <u>23,440,364</u> | <u>13,522,443</u> |

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

|                                                        | Note | 2017             | 2016              |
|--------------------------------------------------------|------|------------------|-------------------|
|                                                        |      | Rupees           |                   |
| <b>16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b> |      |                  |                   |
| Prepayments                                            |      | 1,636,221        | 2,598,145         |
| Security deposits                                      |      | 13,000           | 13,000            |
| Profit receivable on musharaka                         |      | 15,486           | 15,486            |
| Receivable from brokers                                |      | 2,477,298        | 5,189,146         |
| Other receivable                                       | 16.2 | 1,544,382        | 5,990,216         |
| Others                                                 |      | 938,308          | 460,980           |
|                                                        |      | <u>6,624,695</u> | <u>14,266,973</u> |

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

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

However, the Modaraba was informed by the developer that due to unforeseen circumstances the project is on hold and they have committed to payback the entire amount of Rs. 15,000,000 by October 31, 2016 out of which Rs. 13,945,000 has already been received by the Modaraba during the period.

|                                   | Note | 2017              | 2016               |
|-----------------------------------|------|-------------------|--------------------|
|                                   |      | Rupees            |                    |
| <b>17. CASH AND BANK BALANCES</b> |      |                   |                    |
| Cash in hand                      |      | 105,695           | 103,795            |
| Cash at bank                      |      |                   |                    |
| - in current accounts             |      | 15,164,567        | 13,816,043         |
| - in deposit accounts             | 17.1 | 76,319,213        | 134,469,437        |
|                                   |      | <u>91,589,475</u> | <u>148,389,275</u> |

17.1 These accounts carry profit rate ranging from 5.5 % to 6.5 % (2016: 5.5 % to 6.5 %)

# Notes to the Financial Statements

for the year ended June 30, 2017

## 18. CERTIFICATE CAPITAL

| 2017<br>Number of<br>certificates | 2016<br>Number of<br>certificates |                                                                              | 2017<br>Rupees     | 2016<br>Rupees     |
|-----------------------------------|-----------------------------------|------------------------------------------------------------------------------|--------------------|--------------------|
| <u>50,000,000</u>                 | <u>50,000,000</u>                 | Authorised certificate capital<br>Modaraba certificates of<br>Rupees 10 each | <u>500,000,000</u> | <u>500,000,000</u> |
|                                   |                                   | Issued, subscribed and<br>paid-up capital                                    |                    |                    |
| 17,668,885                        | 17,668,885                        | Modaraba certificates of<br>Rupees 10 each fully<br>paid-up in cash          | 176,688,850        | 176,688,850        |
| 8,717,704                         | 8,717,704                         | Modaraba certificates issued<br>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> |

## 19. STATUTORY RESERVE

|                                          |                    |                    |
|------------------------------------------|--------------------|--------------------|
| Balance at the beginning of the year     | 252,531,444        | 245,664,578        |
| Transferred from profit and loss account | 6,505,942          | 6,866,866          |
|                                          | <u>259,037,386</u> | <u>252,531,444</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 | 2017<br>Rupees    | 2016<br>Rupees    |
|----------------------------------------|------|-------------------|-------------------|
| <b>20. LONG TERM SECURITY DEPOSITS</b> |      |                   |                   |
| Long term security deposits            |      | 42,429,748        | 77,958,647        |
| Less: current maturity                 |      | (23,208,892)      | (44,254,091)      |
|                                        |      | <u>19,220,856</u> | <u>33,704,556</u> |

## 21. DEFERRED LIABILITIES

|                                    |      |              |                    |
|------------------------------------|------|--------------|--------------------|
| Accrued profit on IFC income notes | 21.1 | 52,433,740   | 104,016,279        |
| Less: Current portion              |      | (52,433,740) | -                  |
|                                    |      | <u>-</u>     | <u>104,016,279</u> |

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

# Notes to the Financial Statements

for the year ended June 30, 2017

## 22. 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.

## 23. ACCRUED AND OTHER LIABILITIES

|                                     | Note | 2017              | 2016              |
|-------------------------------------|------|-------------------|-------------------|
|                                     |      | Rupees            |                   |
| Accrued expenses                    |      | 956,968           | 1,477,268         |
| Advance from Customers              |      | 1,403,124         | 1,145,132         |
| Other liabilities                   |      |                   |                   |
| - Provision for taxation            |      | 1,007,378         | 2,914,629         |
| - Unclaimed profit distributions    |      | 25,464,203        | 25,508,605        |
| - Worker's Welfare Fund - provision | 23.1 | 663,872           | 9,451,016         |
| - Others                            |      | 8,327,024         | 8,195,703         |
|                                     |      | <u>37,822,569</u> | <u>48,692,352</u> |

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

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

The Management Company as a matter of abundant caution, has made the provision for WWF amounting to Rs.664,962/- in these financial statements.

## 24. 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(2016: Nil).

## 25. INCOME FROM IJARAH OPERATIONS

|                                                | Note | 2017                | 2016                |
|------------------------------------------------|------|---------------------|---------------------|
|                                                |      | Rupees              |                     |
| Ijarah rentals                                 |      | 94,773,474          | 113,294,807         |
| Documentation fee                              |      | 486,472             | 414,000             |
| Gain /(loss) on disposal of Ijarah assets      |      | 498,839             | (478,150)           |
|                                                |      | <u>95,758,785</u>   | <u>113,230,657</u>  |
| Depreciation on assets leased out under Ijarah | 6    | <u>(72,525,648)</u> | <u>(93,076,132)</u> |
|                                                |      | <u>23,233,137</u>   | <u>20,154,525</u>   |

# Notes to the Financial Statements

for the year ended June 30, 2017

|                                      | Note | 2017               | 2016               |
|--------------------------------------|------|--------------------|--------------------|
|                                      |      | Rupees             |                    |
| <b>26. INCOME FROM INVESTMENTS</b>   |      |                    |                    |
| Dividend income                      | 26.1 | 2,966,843          | 3,880,558          |
| Gain on sale of securities           |      | 31,518,219         | 79,019,258         |
|                                      |      | <u>34,485,062</u>  | <u>82,899,816</u>  |
| <b>26.1 Investee</b>                 |      |                    |                    |
| Abbot Laboratories                   |      | 3,000              | -                  |
| Bannu Woolen Mills Ltd               |      | 55,000             | 79,500             |
| Bestway Cement Ltd                   |      | 135,625            | 10,750             |
| Crescent Steel & Allied Product Ltd  |      | 10,000             | 20,400             |
| Dolmen City Reit                     |      | -                  | 27,282             |
| Engro Corporation Ltd                |      | 52,893             | 7,704              |
| Engro Fertilizers Ltd                |      | 353,004            | 174,000            |
| Fauji Cement Company Ltd             |      | -                  | 45,000             |
| Ferozsons Laboratories Ltd           |      | 600                | 150,000            |
| First Equity Modaraba                |      | 21,710             | -                  |
| Gillette Pakistan Ltd                |      | -                  | 981,925            |
| Ghnadhara Nissan Industries          |      | 20,000             | -                  |
| Hascol Petroleum Ltd                 |      | 24,136             | 2,660              |
| HighNoon Laboratories Ltd            |      | 9,096              | -                  |
| Hubco                                |      | 15,000             | -                  |
| IBL Health care Ltd                  |      | 139,935            | 185,536            |
| ICI Pakistan                         |      | 4,400              | -                  |
| International Knitwear Ltd           |      | 549,102            | 549,102            |
| Maple Leaf Cement Factory Ltd        |      | -                  | -                  |
| Oil & Gas Company                    |      | 3,250              | -                  |
| Pakistan Petroleum Ltd               |      | -                  | 34,175             |
| Pakistan Refinery                    |      | 3,100              | -                  |
| Pakistan State Oil Company Ltd.      |      | -                  | -                  |
| Pioneer cement Ltd                   |      | 1,875              | 380,000            |
| Searle Company Ltd                   |      | 1,515,117          | 1,160,964          |
| Treet Corporation                    |      | 50,000             | -                  |
| United Brands Ltd                    |      | -                  | 71,560             |
|                                      |      | <u>2,966,843</u>   | <u>3,880,558</u>   |
| <b>27. SALES - PHARMA</b>            |      |                    |                    |
| - Local                              |      |                    |                    |
| Regular Line                         |      | 213,865,719        | 96,490,329         |
| Oncology                             |      | 16,018,819         | 17,585,595         |
|                                      |      | <u>229,884,538</u> | <u>114,075,924</u> |
| - Less:                              |      |                    |                    |
| Sales return                         |      | 309,314            | 7,770,213          |
| Sales discount                       |      | 84,153,975         | 44,395,955         |
|                                      |      | <u>84,463,288</u>  | <u>52,166,168</u>  |
| Net Sales                            |      | <u>145,421,249</u> | <u>61,909,755</u>  |
| <b>28. INCOME FROM OTHER SOURCES</b> |      |                    |                    |
| Gain on disposal of fixed assets     |      | 1,196,549          | 3,233,217          |
| Profit on deposits with banks        |      | 4,660,418          | 2,934,644          |
| Miscellaneous                        |      | 9,896,614          | 5,968              |
|                                      |      | <u>15,753,581</u>  | <u>6,173,830</u>   |

# Notes to the Financial Statements

for the year ended June 30, 2017

|                                            | Note | 2017               | 2016              |
|--------------------------------------------|------|--------------------|-------------------|
|                                            |      | Rupees             |                   |
| <b>29. COST OF GOODS SOLD</b>              |      |                    |                   |
| -Raw material and packing material         |      |                    |                   |
| Opening stock                              |      | 11,387,727         | 7,608,559         |
| Add: Purchases during the year             |      | 47,651,667         | 28,118,141        |
|                                            |      | <u>59,039,394</u>  | <u>35,726,700</u> |
| Less: Closing stock                        |      | (15,892,678)       | (11,387,727)      |
| Raw material and packing material consumed |      | <u>43,146,716</u>  | <u>24,338,973</u> |
| Stores, spares & supplies                  |      | 1,388,857          | 814,895           |
| Salaries, wages & other benefits           |      | 25,639,382         | 18,682,469        |
| Fuel & power                               |      | 4,864,302          | 4,175,459         |
| Insurance                                  |      | 1,938,248          | 902,178           |
| Repair & maintenance                       |      | 1,887,972          | 792,156           |
| Depreciation                               | 6.2  | 13,737,466         | 12,582,428        |
| Entertainment                              |      | 1,473,275          | 1,001,142         |
| Travel & conveyance                        |      | 2,859,987          | 1,670,729         |
| Postage & stationary                       |      | 125,693            | -                 |
| Miscellaneous                              |      | 83,760             | 599,546           |
|                                            |      | <u>97,145,658</u>  | <u>65,559,975</u> |
| -Finished Goods                            |      |                    |                   |
| Opening stock                              |      | 10,057,194         | 10,715,890        |
| Add: Purchases during the year             |      | 3,806,002          | 4,839,269         |
|                                            |      | <u>13,863,196</u>  | <u>15,555,159</u> |
| Closing stock                              |      | (10,545,326)       | (10,057,194)      |
|                                            |      | <u>100,463,528</u> | <u>71,057,940</u> |
| <b>30. SELLING &amp; DISTRIBUTION</b>      |      |                    |                   |
| Salaries, wages & other benefits           |      | 2,219,617          | 2,775,515         |
| Conveyance                                 |      | 68,876,572         | 18,569,712        |
| Marketing                                  |      | 6,114,291          | 1,383,620         |
|                                            |      | <u>77,210,480</u>  | <u>22,728,847</u> |
| <b>31. OPERATING EXPENSES</b>              |      |                    |                   |
| Salaries and other staff benefits          | 31.1 | 21,610,816         | 21,930,951        |
| Travelling and conveyance                  |      | 2,538,107          | 2,573,777         |
| Vehicles running and maintenance           |      | 629,431            | 664,225           |
| Communication                              |      | 1,572,802          | 2,071,935         |
| Printing and stationery                    |      | 1,392,538          | 2,056,400         |
| Rent, rates and taxes                      |      | 3,841,567          | 3,609,309         |
| Repair and maintenance                     |      | 955,801            | 990,262           |
| Legal and professional charges             |      | 528,786            | 1,458,639         |
| Share transaction charges                  |      | 685,734            | 362,401           |
| Insurance                                  |      | 610,451            | 403,535           |
| Entertainment                              |      | 608,626            | 298,630           |
| Consultancy fee                            |      | 950,004            | 366,671           |
| Fee and subscription                       |      | 2,099,897          | 1,803,871         |
| Auditors' remuneration                     | 31.2 | 360,000            | 363,720           |
| Advertisement                              |      | 230,793            | 134,370           |
| Depreciation                               | 6.2  | 8,286,415          | 8,429,391         |
| Amortization                               |      | 300,000            | 300,000           |
| Bad debts expenses                         |      | 5,189,146          | -                 |
| Donation                                   | 31.3 | -                  | -                 |
| Other expenses                             |      | 911,436            | 341,126           |
|                                            |      | <u>53,302,350</u>  | <u>48,159,213</u> |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 31.1 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:

|                       | 2017              |                  |                   | 2016              |                   |                   |
|-----------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                       | Officers          | Employees        | Total             | Officers          | Employees         | Total             |
|                       | Rupees            |                  |                   |                   |                   |                   |
| Salaries & allowances | 13,332,084        | 6,545,518        | 19,877,602        | 10,714,392        | 8,563,136         | 19,277,528        |
| Provident fund        | 861,900           | 211,878          | 1,073,778         | 675,300           | 291,416           | 966,716           |
| Medical expenses      | 395,311           | 264,125          | 659,436           | 517,567           | 1,169,140         | 1,686,707         |
|                       | <u>14,589,295</u> | <u>7,021,521</u> | <u>21,610,816</u> | <u>11,907,259</u> | <u>10,023,692</u> | <u>21,930,951</u> |
| Number of persons     | 7                 | 11               | 18                | 6                 | 14                | 20                |

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

|                        | 2017           | 2016           |
|------------------------|----------------|----------------|
|                        | Rupees         |                |
| Audit fee              | 270,000        | 270,000        |
| Half yearly review fee | 25,000         | 25,000         |
| Certification fee      | 15,000         | 15,000         |
| Out-of-pocket expenses | 50,000         | 53,720         |
|                        | <u>360,000</u> | <u>363,720</u> |

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

|                       | 2017           | 2016           |
|-----------------------|----------------|----------------|
|                       | Rupees         |                |
| 32. FINANCIAL CHARGES |                |                |
| Bank charges          | <u>117,695</u> | <u>135,972</u> |

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

|                                                                |                  |                |
|----------------------------------------------------------------|------------------|----------------|
| Services sales tax on management company's remuneration        | 523,813          | 513,478        |
| Services sales tax on management company's remuneration - 2015 | 2,546,610        | -              |
|                                                                | <u>3,070,423</u> | <u>513,478</u> |

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

## 34. PROVISION FOR TAXATION

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

# Notes to the Financial Statements

for the year ended June 30, 2017

|                                                                              | 2017                   | 2016                   |
|------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                              | Rupees                 |                        |
| <b>35. EARNINGS PER CERTIFICATE - basic and diluted</b>                      |                        |                        |
| Profit for the year                                                          | 32,529,712             | 34,334,331             |
|                                                                              | Number of certificates | Number of certificates |
| Weighted average number of ordinary certificates outstanding during the year | 26,386,589             | 26,386,589             |
| Earnings per certificate - basic                                             | 1.23                   | 1.30                   |

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

## 36. TRANSACTION WITH RELATED PARTIES

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

| Transactions                           | Relationship       | 2017      | 2016       |
|----------------------------------------|--------------------|-----------|------------|
|                                        |                    | Rupees    |            |
| Management fee                         | Management company | 4,029,334 | 3,949,834  |
| Dividend paid to Management Company    | Management company | 4,321,607 | 10,505,040 |
| <b>Balance as at the year end</b>      |                    |           |            |
| Payable to Modaraba Management Company |                    | 3,708,177 | 6,678,843  |

## 37. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

### 37.1 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

## 37.2 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, 2017 is the carrying amount of the financial assets as set out below:

|                                 | Note | 2017               | 2016               |
|---------------------------------|------|--------------------|--------------------|
|                                 |      | Rupees             |                    |
| Business                        |      |                    |                    |
| Musharaka Finance               |      | -                  | 500,000            |
| Diminishing musharakh financing |      | 51,232,508         | -                  |
| Trade debtors (Pharma)          |      | 9,893,928          | 12,255,181         |
| Investments                     |      | 33,179,306         | 42,858,736         |
| Ijarah receivables              |      | 93,125             | 3,074,710          |
| Deposits                        |      | 902,100            | 877,100            |
| Advances and other receivables  |      | 23,440,364         | 13,522,443         |
| Bank balances                   |      | 91,589,475         | 148,389,275        |
|                                 |      | <u>210,330,806</u> | <u>221,477,446</u> |

The aging of Ijarah receivable at the reporting date

|                                           |    |                    |                    |
|-------------------------------------------|----|--------------------|--------------------|
| Past due 1-30 days                        | 10 | 93,125             | 3,074,710          |
| Past due over 30-90 days                  | 10 | 6,461,402          | 2,553,814          |
| Less: Provision for non-performing assets | 10 | <u>(6,461,402)</u> | <u>(2,553,814)</u> |
|                                           |    | <u>93,125</u>      | <u>3,074,710</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;

|                                                            | 2017               |                | 2016               |                |
|------------------------------------------------------------|--------------------|----------------|--------------------|----------------|
|                                                            | Rupees             | %              | Rupees             | %              |
| <b>Segment by class of business of major Ijarah assets</b> |                    |                |                    |                |
| Modaraba                                                   | 1,749,433          | 1.41%          | 3,880,072          | 1.98%          |
| Cargo, Trading & distribution                              | 15,718,153         | 12.69%         | 61,528,198         | 31.47%         |
| Investment companies, firms & bank                         | -                  | 0.00%          | 615,481            | 0.31%          |
| Textile, Chemical & Pharmaceuticals                        | 10,064,876         | 8.12%          | 13,067,294         | 6.68%          |
| Food & Beverages                                           | -                  | 0.00%          | 8,157,219          | 4.17%          |
| Entertainment, Marketing                                   | 9,859,622          | 7.96%          | -                  | 0.00%          |
| Individual                                                 | 69,367,263         | 56.00%         | 40,661,238         | 20.80%         |
| Miscellaneous                                              | 17,121,795         | 13.82%         | 67,593,471         | 34.57%         |
|                                                            | <u>123,881,142</u> | <u>100.00%</u> | <u>195,502,973</u> | <u>100.00%</u> |

# Notes to the Financial Statements

for the year ended June 30, 2017

37.2.1 Modaraba's operations are restricted to Pakistan only.

## 37.3 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.

|                                              |           | 2017             |                           |                    |             |
|----------------------------------------------|-----------|------------------|---------------------------|--------------------|-------------|
|                                              |           | Upto one<br>year | One year<br>to five years | Over<br>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)                                          |           | 177,773,435      | 340,251,127               | -                  | 518,024,562 |
| 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)                                          |           | 117,173,378      | 19,220,856                | -                  | 136,394,233 |
| On-balance sheet gap                         | (a) - (b) | 60,600,057       | 321,030,272               | -                  | 381,630,329 |
|                                              |           | 2016             |                           |                    |             |
|                                              |           | Upto one<br>year | One year<br>to five years | Over<br>five years | Total       |
|                                              |           | ← Rupees →       |                           |                    |             |
| Financial assets                             |           |                  |                           |                    |             |
| Long term investments                        |           | -                | 224,350,999               | -                  | 224,350,999 |
| Ijarah rental receivables                    |           | 3,074,710        | -                         | -                  | 3,074,710   |
| Long term deposits                           |           | 877,100          | -                         | -                  | 877,100     |
| Musharaka receivables                        |           | 500,000          | -                         | -                  | 500,000     |
| Trade receivables (Pharma division)          |           | 12,255,181       | -                         | -                  | 12,255,181  |
| Financial assets                             |           | 42,858,736       | -                         | -                  | 42,858,736  |
| Advances                                     |           | 13,522,443       | -                         | -                  | 13,522,443  |
| Other receivables                            |           | 14,266,973       | -                         | -                  | 14,266,973  |
| Cash and bank balances                       |           | 148,389,275      | -                         | -                  | 148,389,275 |
| (a)                                          |           | 235,744,418      | 224,350,999               | -                  | 460,095,417 |
| Financial liabilities                        |           |                  |                           |                    |             |
| Long term security deposits                  |           | 44,254,091       | 33,704,556                | -                  | 77,958,647  |
| Deferred liabilities                         |           | -                | 104,016,279               | -                  | 104,016,279 |
| Payable to management company                |           | 6,678,843        | -                         | -                  | 6,678,843   |
| Accrued and other liabilities                |           | 48,692,352       | -                         | -                  | 48,692,352  |
| (b)                                          |           | 99,625,286       | 137,720,835               | -                  | 237,346,121 |
| On-balance sheet gap                         | (a) - (b) | 136,119,132      | 86,630,164                | -                  | 222,749,296 |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 37.4 Market risk

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

### Market price risk

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

### Exposure:

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

|                   | Average Cost<br>2017 | Fair Value         | Average Cost       | Fair Value<br>2016 |
|-------------------|----------------------|--------------------|--------------------|--------------------|
|                   | ← Rupees →           |                    |                    |                    |
| Particulars:      |                      |                    |                    |                    |
| Equity securities | <u>172,366,019</u>   | <u>334,150,916</u> | <u>165,243,460</u> | <u>267,209,735</u> |

### Risk management

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

### Profit rate risk

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

### Risk exposure

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

As at June 30, 2017, the profit of the Modaraba's variable value financial instruments were as follows:

|                           | 2017              | 2016              |
|---------------------------|-------------------|-------------------|
|                           | Rupees            |                   |
| Variable rate instruments |                   |                   |
| Musharaka financing       | -                 | 500,000           |
| Islamic deposits          | <u>76,319,213</u> | <u>78,730,820</u> |
|                           | <u>76,319,213</u> | <u>79,230,820</u> |

# Notes to the Financial Statements

for the year ended June 30, 2017

## 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<br>(Having variable interest rates) | (Increase / Decrease)<br>(+/-) | Changes in profit / (loss) |                  |
|-------------------------------------------|--------------------------------|----------------------------|------------------|
|                                           |                                | 2017                       | 2016             |
|                                           |                                | Rupees                     |                  |
| Musharaka financing                       | 100 basis points               | -                          | 5,000            |
| Islamic deposits                          | 100 basis points               | <u>763,192</u>             | <u>1,344,694</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.

## 38. 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.

|                                                                           | 2017               | 2016               |
|---------------------------------------------------------------------------|--------------------|--------------------|
|                                                                           | Rupees             |                    |
| <b>38.1 Financial instruments by category</b>                             |                    |                    |
| <b>Loans and receivables</b>                                              |                    |                    |
| Long term advances and deposits                                           | 902,100            | 877,100            |
| Ijarah rental receivables                                                 | 93,125             | 3,074,710          |
| Trade receivables (Pharma division)                                       | 9,893,928          | 12,255,181         |
| Diminishing Musharakah financing                                          | 51,232,508         | -                  |
| Diminishing Musharakah financing - Receivable                             | 97,452             | -                  |
| Advances                                                                  | 23,440,364         | 13,522,443         |
| Prepayments and other receivables                                         | 6,624,695          | 460,980            |
| Bank balances                                                             | 91,589,475         | 148,389,275        |
| <b>Financial assets at fair value through profit or loss</b>              |                    |                    |
| Short term investments - investments at fair value through profit or loss | 33,179,306         | 42,858,736         |
| <b>Available-for-sale financial assets</b>                                |                    |                    |
| Long term investments                                                     | 300,971,610        | 224,350,999        |
| (a)                                                                       | <u>518,024,562</u> | <u>445,789,426</u> |
| <b>Financial liabilities</b>                                              |                    |                    |
| <b>Financial liabilities at amortised cost</b>                            |                    |                    |
| Security deposits                                                         | 42,429,748         | 77,958,647         |
| Payable to International Finance Corporation                              | 52,433,740         | 104,016,275        |
| Payable to management company                                             | 3,708,177          | 6,678,843          |
| Accrued and other liabilities                                             | 37,822,569         | 48,692,352         |
| (b)                                                                       | <u>136,394,233</u> | <u>237,346,117</u> |
| (a)-(b)                                                                   | <u>381,630,329</u> | <u>208,443,309</u> |

## 38.2 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, 2017

## 39. YIELD / PROFIT RATE RISK EXPOSURE

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

| 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   |             |
|                                               | %                             |                                 |                |             |                                     |                |             |             |
| 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      |
| Diminishing Musharakah financing              | -                             | 11,952,991                      | 39,279,517     | 51,232,508  | -                                   | -              | -           | 51,232,508  |
| Diminishing Musharakah financing - Receivable | -                             | 97,452                          | -              | 97,452      | -                                   | -              | -           | 97,452      |
| Trade debts (Pharma)                          | -                             | -                               | -              | -           | 9,893,928                           | -              | 9,893,928   | 9,893,928   |
| Financial assets                              | -                             | -                               | -              | -           | 33,179,306                          | -              | 33,179,306  | 33,179,306  |
| Advances                                      | -                             | -                               | -              | -           | 23,440,364                          | -              | 23,440,364  | 23,440,364  |
| Other receivables                             | -                             | -                               | -              | -           | 6,624,695                           | -              | 6,624,695   | 6,624,695   |
| Cash and bank balances                        | 5.5% to 6.5%                  | 76,319,213                      | -              | 76,319,213  | 15,270,262                          | -              | 15,270,262  | 91,589,475  |
|                                               | (A)                           | 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  |
| Payable to International Finance Corporation  | -                             | 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                 | -                             | -                               | -              | -           | 37,822,569                          | -              | 37,822,569  | 37,822,569  |
|                                               | (B)                           | 52,433,740                      | -              | 52,433,740  | 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 |

# Notes to the Financial Statements

for the year ended June 30, 2017

| 2016                            | Effective yield / Profit risk | Yield / Profit bearing maturing |                |             | Non yield / Profit bearing maturing |                |             | Total       |
|---------------------------------|-------------------------------|---------------------------------|----------------|-------------|-------------------------------------|----------------|-------------|-------------|
|                                 |                               | Within one year                 | After one year | Sub total   | Within one year                     | After one year | Sub total   |             |
|                                 | %                             | Rupees                          |                |             | Rupees                              |                |             |             |
| Financial assets                |                               |                                 |                |             |                                     |                |             |             |
| Long term investments           | -                             | -                               | -              | -           | -                                   | 224,350,999    | 224,350,999 | 224,350,999 |
| Long term deposits              | -                             | -                               | -              | -           | 877,100                             | -              | 877,100     | 877,100     |
| Ijarah rental receivables       | -                             | 3,074,710                       | -              | 3,074,710   | -                                   | -              | -           | 3,074,710   |
| Musharaka receivables - secured | -                             | 500,000                         | -              | 500,000     | -                                   | -              | -           | 500,000     |
| Trade debts (Pharma)            | -                             | -                               | -              | -           | -                                   | -              | -           | -           |
| Financial assets                | -                             | -                               | -              | -           | 12,255,181                          | -              | 12,255,181  | 12,255,181  |
| Advances                        | -                             | -                               | -              | -           | 42,858,736                          | -              | 42,858,736  | 42,858,736  |
| Other receivables               | -                             | -                               | -              | -           | 13,522,443                          | -              | 13,522,443  | 13,522,443  |
| Cash and bank balances          | -                             | -                               | -              | -           | 14,266,973                          | -              | 14,266,973  | 14,266,973  |
|                                 | 5.5% to 6.5%                  | 134,469,437                     | -              | 134,469,437 | 13,919,838                          | -              | 13,919,838  | 148,389,275 |
|                                 | (A)                           | 138,044,147                     | -              | 138,044,147 | 97,700,271                          | 224,350,999    | 322,051,270 | 460,095,417 |
| Financial liabilities           |                               |                                 |                |             |                                     |                |             |             |
| Long term security deposits     | -                             | -                               | -              | -           | 44,254,091                          | 33,704,556     | 77,958,647  | 77,958,647  |
| Deferred liabilities            | -                             | -                               | -              | -           | 104,016,279                         | -              | 104,016,279 | 104,016,279 |
| Payable to management company   | -                             | -                               | -              | -           | 6,678,843                           | -              | 6,678,843   | 6,678,843   |
| Accrued and other liabilities   | -                             | -                               | -              | -           | 48,692,352                          | -              | 48,692,352  | 48,692,352  |
|                                 | (B)                           | -                               | -              | -           | 203,641,565                         | 33,704,556     | 237,346,121 | 237,346,121 |
| On-balance sheet gap            | (A)-(B)                       | 138,044,147                     | -              | 138,044,147 | (105,941,294)                       | 190,646,443    | 84,705,149  | 222,749,296 |
| Non-financial assets            |                               |                                 |                |             |                                     |                |             | 420,277,467 |
| Non-financial liabilities       |                               |                                 |                |             |                                     |                |             |             |
| Total net assets                |                               |                                 |                |             |                                     |                |             | 643,026,764 |

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

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

# Notes to the Financial Statements

for the year ended June 30, 2017

## 40 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.

## 41 INFORMATION ABOUT BUSINESS SEGMENTS

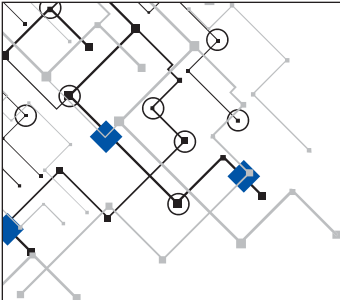
|                                   | 2017      |                                 |             |                   |                      |              |
|-----------------------------------|-----------|---------------------------------|-------------|-------------------|----------------------|--------------|
|                                   | 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   |
| Segment Results                   |           |                                 |             |                   |                      |              |
| Segment income and Sales          | 3,500,000 | 2,768,980                       | 34,485,062  | 95,758,785        | 145,421,249          | -            |
| Other income                      | -         | -                               | -           | -                 | -                    | 15,753,581   |
| Operating expenses                | -         | -                               | -           | (72,525,648)      | (102,534,141)        | -            |
| Manufacturing expenses            | -         | -                               | -           | -                 | (100,463,528)        | -            |
| Unallocated operating expenses    | -         | -                               | -           | -                 | -                    | (28,760,257) |
| Modaraba company's management fee | -         | -                               | -           | -                 | -                    | (7,099,758)  |
| Unrealized gain                   | -         | -                               | (5,357,154) | -                 | -                    | -            |
| Gain on settlement of liability   | -         | -                               | -           | -                 | -                    | 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   |
| Other information                 |           |                                 |             |                   |                      |              |
| Capital expenditure               | -         | -                               | -           | 25,660,500        | 15,889,634           | 13,477,330   |
| Depreciation                      | -         | -                               | -           | 72,525,648        | 19,113,097           | 2,910,784    |
| Assets and liabilities            |           |                                 |             |                   |                      |              |
| Segment assets                    | -         | 51,232,508                      | 334,150,916 | 219,906,055       | 66,396,991           | -            |
| Unallocated assets                | -         | -                               | -           | -                 | -                    | 185,495,818  |
| Consolidated total assets         | -         | 51,232,508                      | 334,150,916 | 219,906,055       | 66,396,991           | 185,495,818  |
| Segment liabilities               | -         | -                               | -           | 42,429,748        | -                    | -            |
| Unallocated liabilities           | -         | -                               | -           | -                 | -                    | 93,964,486   |
| Consolidated total liabilities    | -         | -                               | -           | 42,429,748        | -                    | 93,964,486   |

# Notes to the Financial Statements

for the year ended June 30, 2017

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

|                                   | 2016      |             |                   |                      |              |               |
|-----------------------------------|-----------|-------------|-------------------|----------------------|--------------|---------------|
|                                   | Musharaka | Investments | Ijarah operations | Manufacturing Pharma | Others       | Consolidated  |
|                                   | Rupees    |             |                   |                      |              |               |
| Segment Revenues                  | 4,000,000 | 82,899,816  | 113,230,657       | 61,909,755           | 6,173,830    | 268,214,059   |
| Segment Results                   |           |             |                   |                      |              |               |
| Segment income and Sales          | 4,000,000 | 82,899,816  | 113,230,657       | 61,909,755           | -            | 262,040,228   |
| Other income                      | -         | -           | -                 | -                    | 6,173,830    | 6,173,830     |
| Operating expenses                | -         | -           | (93,076,132)      | (45,006,742)         | -            | (138,082,881) |
| Manufacturing expenses            | -         | -           | -                 | (71,057,940)         | -            | (71,057,940)  |
| Unallocated operating expenses    | -         | -           | -                 | -                    | (26,717,985) | (26,717,985)  |
| Modaraba company's management fee | -         | -           | -                 | -                    | (4,463,313)  | (4,463,313)   |
| Unrealized gain                   | -         | 6,442,391   | -                 | -                    | -            | 6,442,391     |
| Profit for the year               | 4,000,000 | 89,342,206  | 20,154,525        | (54,154,926)         | (25,007,468) | 34,334,337    |
| Other information                 |           |             |                   |                      |              |               |
| Capital expenditure               | -         | -           | 127,587,950       | 11,243,684           | 1,259,100    | 140,090,734   |
| Depreciation                      | -         | -           | 93,076,128        | 17,977,207           | 3,034,612    | 114,087,947   |
| Assets and liabilities            |           |             |                   |                      |              |               |
| Segment assets                    | 500,000   | 267,209,735 | 211,921,567       | 62,029,907           | -            | 541,661,209   |
| Unallocated assets                | -         | -           | -                 | -                    | 338,711,675  | 338,711,675   |
| Consolidated total assets         | 500,000   | 267,209,735 | 211,921,567       | 62,029,907           | 338,711,675  | 880,372,885   |
| Segment liabilities               | -         | -           | 77,958,647        | -                    | -            | 77,958,647    |
| Unallocated liabilities           | -         | -           | -                 | -                    | 159,387,474  | 159,387,474   |
| Consolidated total liabilities    | -         | -           | 77,958,647        | -                    | 159,387,474  | 237,346,121   |



# Notes to the Financial Statements

for the year ended June 30, 2017

|                               | 2017      | 2016      |
|-------------------------------|-----------|-----------|
| <b>42 NUMBER OF EMPLOYEES</b> |           |           |
| As at year end                | <u>67</u> | <u>54</u> |
| Average Employees             | <u>61</u> | <u>72</u> |

## **43 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors have proposed dividend for the year ended June 30, 2017 of Rs 1.10/- per certificate (2016: Rs. 1/- per certificate), amounting to Rs. 29,025,248/- (2016: Rs. 26,386,589/-) at their meeting held on 27 September, 2017. The financial statements for the year ended June 30, 2017 do not include the effect of the above which will be accounted for in the period in which it is declared.

## **44 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 27th September, 2017 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 Executive  
Ather Naqi

-Sd-  
Director  
Shuja Malik

-Sd-  
Director  
Syed Nasir Raza

# Pattern of Certificate Holding

Held by the Certificate Holders as at June 30, 2017

| Number of Certificate | Certificate Holdings |            | Total Certificate Held |
|-----------------------|----------------------|------------|------------------------|
|                       | From                 | To         |                        |
| 854                   | 1                    | to 100     | 36,969                 |
| 825                   | 101                  | to 500     | 230,767                |
| 563                   | 501                  | to 1000    | 459,111                |
| 704                   | 1001                 | to 5000    | 1,642,136              |
| 136                   | 5001                 | to 10000   | 1,051,257              |
| 45                    | 10001                | to 15000   | 584,333                |
| 44                    | 15001                | to 20000   | 785,289                |
| 23                    | 20001                | to 25000   | 531,495                |
| 12                    | 25001                | to 30000   | 344,811                |
| 10                    | 30001                | to 35000   | 335,492                |
| 7                     | 35001                | to 40000   | 269,460                |
| 8                     | 40001                | to 45000   | 338,040                |
| 6                     | 45001                | to 50000   | 300,000                |
| 3                     | 50001                | to 55000   | 161,000                |
| 5                     | 55001                | to 60000   | 281,500                |
| 4                     | 60001                | to 65000   | 256,555                |
| 3                     | 65001                | to 70000   | 202,448                |
| 2                     | 70001                | to 75000   | 146,520                |
| 1                     | 75001                | to 80000   | 78,000                 |
| 4                     | 80001                | to 85000   | 335,000                |
| 1                     | 95001                | to 100000  | 100,000                |
| 3                     | 100001               | to 105000  | 304,691                |
| 1                     | 105001               | to 110000  | 107,500                |
| 1                     | 110001               | to 115000  | 115,000                |
| 1                     | 115001               | to 120000  | 119,500                |
| 1                     | 120001               | to 125000  | 121,500                |
| 2                     | 125001               | to 130000  | 254,000                |
| 1                     | 130001               | to 135000  | 135,000                |
| 2                     | 140001               | to 145000  | 289,000                |
| 1                     | 145001               | to 150000  | 150,000                |
| 1                     | 150001               | to 155000  | 150,991                |
| 2                     | 155001               | to 160000  | 316,758                |
| 3                     | 165001               | to 170000  | 505,900                |
| 1                     | 200001               | to 205000  | 202,000                |
| 1                     | 220001               | to 225000  | 222,707                |
| 2                     | 245001               | to 250000  | 497,000                |
| 1                     | 330001               | to 335000  | 331,386                |
| 1                     | 545001               | to 550000  | 550,000                |
| 1                     | 600001               | to 605000  | 600,625                |
| 2                     | 745001               | to 750000  | 1,500,000              |
| 2                     | 1495001              | to 1500000 | 3,000,000              |
| 1                     | 2200001              | to 2205000 | 2,202,016              |
| 1                     | 2735001              | to 2740000 | 2,736,964              |
| 1                     | 3500001              | to 3505000 | 3,503,879              |
| <u>3293</u>           |                      |            | <u>26,386,589</u>      |

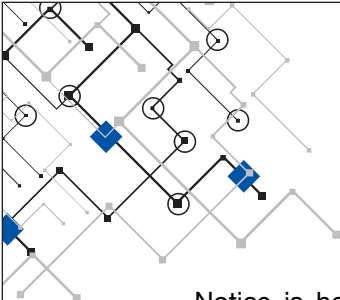
# Categories of Certificate Holders

As at June 30, 2017

| Categories of Certificateholders                                                                                                         | Certificateholder | Certificate Held  | Percentage (%)    |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Directors and their spouse(s) and minor children</b>                                                                                  |                   |                   |                   |
| KHALID MALIK                                                                                                                             | 1                 | 3,503,879         | 3,503,879         |
| MAJID HASAN                                                                                                                              | 1                 | 2,983             | 2,983             |
| SYED MOHAMMAD NASIR RAZA RIZVI                                                                                                           | 1                 | 13,508            | 13,508            |
| SHUJA MALIK                                                                                                                              | 1                 | 1,500,000         | 1,500,000         |
| KOMAL MALIK                                                                                                                              | 1                 | 750,000           | 750,000           |
| SUNYA AHMED                                                                                                                              | 1                 | 750,000           | 750,000           |
| SHAHIDA MALIK                                                                                                                            | 1                 | 1,500,000         | 1,500,000         |
| <b>Associated Companies, undertakings and related parties</b>                                                                            |                   |                   |                   |
| UDL MODARABA MANAGEMENT (PRIVATE) LIMITED                                                                                                | 2                 | 4,938,980         | 4,938,980         |
| <b>Executives</b>                                                                                                                        |                   |                   |                   |
|                                                                                                                                          | -                 | -                 | -                 |
| <b>Public Sector Companies and Corporations</b>                                                                                          |                   |                   |                   |
|                                                                                                                                          | 6                 | 439,503           | 439,503           |
| <b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b> |                   |                   |                   |
|                                                                                                                                          | 15                | 374,089           | 374,089           |
| <b>Mutual Funds</b>                                                                                                                      |                   |                   |                   |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST                                                                                           | 1                 | 600,625           | 600,625           |
| <b>General Public</b>                                                                                                                    |                   |                   |                   |
| a. Local                                                                                                                                 | 3213              | 10,650,549        | 10,650,549        |
| b. Foreign                                                                                                                               | 1                 | 1,580             | 1,580             |
| <b>Foreign Companies</b>                                                                                                                 |                   |                   |                   |
|                                                                                                                                          | 1                 | 2,152             | 2,152             |
| <b>Others</b>                                                                                                                            |                   |                   |                   |
|                                                                                                                                          | 47                | 1,358,752         | 1,358,752         |
| <b>Totals</b>                                                                                                                            | <b>3293</b>       | <b>26,386,600</b> | <b>26,386,600</b> |

## Certificate holders holding 5% or more

|                                           | Shares Held | Percentage |
|-------------------------------------------|-------------|------------|
| KHALID MALIK                              | 3,503,879   | 13.28      |
| SHUJA MALIK                               | 1,500,000   | 5.68       |
| SHAHIDA MALIK                             | 1,500,000   | 5.68       |
| UDL MODARABA MANAGEMENT (PRIVATE) LIMITED | 4,938,980   | 18.72      |



# Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of the certificate holders of the **FIRST UDL MODARABA, Manage by UDL Modaraba Management (Private) Limited** held on Thursday, October 26, 2017 at 10:30 a.m. at 6th Floor, Office No # 602, Progressive Centre, 30-A, Block-6, PECHS, Karachi to consider the following;

## AGENDA

1. To receive, consider and adopt the audited accounts together with Auditors' Report and Director's Report of First UDL Modaraba for the year ended June 30, 2017.
2. To appoint and fix the statutory auditors remuneration. The present auditors M/s Munif Ziaduddin & Co, Chartered Accountants, retire and being eligible for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their appointment as auditors of the Modaraba for the financial year ending June 30, 2018.
3. To transact any other business with the permission of the chair.

By order of the board

-Sd-  
Syed Aamir Hussain  
Company Secretary

Karachi: October 5th, 2017

## NOTES:

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

## نوٹس برائے سالانہ جائزہ اجلاس

مطلع کیا جاتا ہے کہ یوڈی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے زیر انتظام فرسٹ یوڈی ایل مضاربہ، کے سرٹیفکیٹ ہولڈرز کا اجلاس بروز جمعرات، مورخہ 26 اکتوبر 2017 کو صبح 10:30 بجے آفس نمبر 602، چھٹی منزل، پروگریسو سینٹر، 30-A، بلاک-6، پی ای سی ایچ ایس، کراچی میں ہوگا جس میں مندرجہ ذیل امور زیر غور آئیں گے:-

### ایجنڈا

- 1-30 جون 2017 کو ختم ہونے والے سال کے لیے فرسٹ یوڈی ایل مضاربہ کے آڈٹ شدہ حسابات بمعہ آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ کی وصولی، جائزہ اور منظوری دینا۔
- 2- آڈیٹرز کا تقرر کرنا اور قانون کے مطابق ان کا معاوضہ مقرر کرنا۔ موجودہ آڈیٹرز، میسرز منیف ضیا الدین اینڈ کو، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہو چکے ہیں اور دوبارہ تقرری کی اہلیت رکھتے ہیں، بورڈ آف ڈائریکٹرز کی جانب سے آڈٹ کمیٹی کی سفارش کے مطابق 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے انہیں مضاربہ کا آڈیٹ مقرر کرنے کی سفارش کی گئی ہے۔
- 3- چیئرمین کی اجازت سے کسی اور معاملے کو کارروائی کا حصہ بنانا۔

بورڈ آف ڈائریکٹرز کی وساطت سے

سید عامر حسین  
کمپنی سیکریٹری

نوٹس:

- 1- کوئی بھی سرٹیفکیٹ ہولڈر سالانہ جائزہ اجلاس میں شرکت کرنے اور اس میں بولنے کا حق رکھتا ہے اور وہ اپنی جگہ پر کسی دوسرے فرد کو بطور پروکسی نامزد کر سکتا ہے جو اس کی نمائندگی کرتے ہوئے اجلاس میں شرکت کرے اور گفتگو بھر کر سکے۔
- 2- کمپنی کو پروکسی سالانہ جائزہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے لازمی طور پر موصول ہو جانی چاہئیں۔
- 3- ممبران سے درخواست ہے کہ وہ اپنے پتے تبدیل ہونے کی صورت میں کمپنی کو لازمی طور پر مطلع کر دیں۔

# 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, 2017 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.

سکریٹری  
فرسٹ یو ڈی ایل مضاربہ  
فرسٹ فلور، برنس انکلیو،  
12th، 77-C، کمرشل اسٹریٹ، خیابان اتحاد،  
یو ڈی ایچ ایف فیز 2، (Ext.) - کراچی - 75500 -

میں / ہم۔۔۔۔۔ برائے۔۔۔۔۔ فرسٹ یوڈی ایل مضاربہ کے ممبر (z) اور۔۔۔۔۔ سرٹیفکیٹس کے  
ہولڈر بطور سرٹیفکیٹ رجسٹر فولیو / CDC اکاؤنٹ نمبر۔۔۔۔۔ تقر کرتا ہوں۔۔۔۔۔ فولیو / CDC اکاؤنٹ نمبر۔۔۔۔۔ اور  
اور۔۔۔۔۔ شناختی کارڈ / پاسپورٹ نمبر۔۔۔۔۔ جس کے ذریعے۔۔۔۔۔ فولیو / CDC  
اکاؤنٹ نمبر۔۔۔۔۔ کاشناتی کارڈ / پاسپورٹ نمبر۔۔۔۔۔ جو مضاربہ کا ممبر بھی ہے میرے / ہمارے پر کسی کے طور پر مجھے / ہمیں  
سالانہ ریویو میٹنگ جو 26 اکتوبر 2017 منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے۔

گواہان:

|       |                            |       |                            |
|-------|----------------------------|-------|----------------------------|
| ----- | دستخط                      | ----- | دستخط                      |
| ----- | نام                        | ----- | نام                        |
| ----- | ایڈریس                     | ----- | ایڈریس                     |
| ----- | شناختی کارڈ / پاسپورٹ نمبر | ----- | شناختی کارڈ / پاسپورٹ نمبر |

یہ دستخط مضاربہ کے پاس رجسٹرڈ شدہ  
دستخط جیسی ہونی چاہئے

- 1- مینٹنگ سے 48 گھنٹے قبل پر کسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو مضاربہ کے رجسٹرڈ آفس یا کمپنی کے شیر رجسٹرار کے پاس جمع کروایا 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۔

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