

QUARTERLY REPORT

NINE MONTHS PERIOD ENDED
MARCH 31, 2023



First UDL Modaraba

Corporate Information

Modaraba Management Company	UDL Modaraba Management (Private) Limited	
Board of Directors	Majid Hasan Shuja Malik Farah Qureshi Abdul Rahim Suriya	Chairman (Non Executive Director) Chief Executive Officer Non Executive Director Non Executive Director
Company Secretary	Syed Aamir Hussain	
Audit Committee	Abdul Rahim Suriya Majid Hasan Farah Qureshi	Chairman Member Member
Human Resource & Remuneration Committee	Farah Qureshi Abdul Rahim Suriya Majid Hasan	Chairman Member Member
Auditors	Grant Thornton Anjum Rahman & Co. Chartered Accountants	
Bankers	Albaraka Bank Limited Askari Bank Limited Habib Bank Limited Dubai Islamic Bank Limited	
Registrar	CDC Share Registrar Services Ltd CDC House, Shahra -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	Baker Tilly Mehmood Idrees Qamar Chartered Accountants 4th Floor, Central Hotel Building, Civil Lines, Mereweather Road, Karachi	
Associated Company	UDL Pharmaceuticals Pakistan (Pvt) Limited. UDL International Limited UDL Financial Services Ltd	
Head Office & Registered Office	1st Floor, Business Enclave. 77-C, 12th Commercial Street, Off: Kh-e-Ittehad, DHA Phase II (Ext.) Karachi.	
Phone	092 - 21 - 35310561-5	
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E-Mail	info@udl.com.pk	
Web	www.udl.com.pk	

DIRECTORS' REPORT

The Board of Directors of UDL Modaraba Management (Private) Limited takes pleasure in presenting the unaudited accounts of First UDL Modaraba for the third quarter and nine months period ended March 31, 2023.

Review of Operations:

During the nine months under review, income from operations decreased from Rs. 127.53 million to Rs. 45.92 million. However, income from core operations has in fact improved by Rs. 11.94 million, if the one-time gain of Rs. 93.55 million recorded in the same corresponding period of last year is excluded.

Operating expenses have increased to Rs. 41.28 million against Rs. 25.80 million, mainly due to recording of consultancy charges of the financial consultants on merger, Special audit required for merger, consultancy charges to tax consultants, higher salaries, higher fuel and utility charges, etc.

The Modaraba posted an operating profit of Rs. 3.11 million, however, after taking into account the management fee and taxes, the modaraba incurred a net loss of Rs. 0.61 million.

Future Outlook:

The Management is of the view that as soon as the political and economic uncertainty is over, there is a high possibility that the Modaraba would recover some of its unrealized losses on investments.

Also as mentioned in our previous report, the management is currently exploring opportunities for import / export of FMCG/Food products as part of its diversification plan and in order to maximize the profitability of the Certificate holders.

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) and the State Bank of Pakistan (SBP) 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 -----

Shuja Malik
Chief Executive

27th April-2023

**FIRST UDL MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2023**

		(Un-Audited)	(Audited)
		March 31,2023	June 30,2022
ASSETS	Note	----- Rupees -----	
NON-CURRENT ASSETS			
Fixed assets - tangible		29,104,732	26,412,551
Intangible assets		1,141,403	1,832,498
Long term investments	4	89,424,018	105,826,135
Diminishing Musharakah Financing	5	55,638,462	93,201,258
Long term deposits		1,384,350	1,384,350
		176,692,965	228,656,792
CURRENT ASSETS			
Short term investments	6	244,529,741	247,693,994
Current portion of Diminishing Musharakah Financing	5	45,562,208	44,251,358
Diminishing Musharakah Financing rent receivable		1,125,684	806,270
Advances		5,323,200	4,584,455
Taxation - net		17,011,973	15,494,824
Prepayments and other receivables		5,736,338	29,281,160
Cash and bank balances	7	50,235,523	37,227,011
		369,524,667	379,339,072
TOTAL ASSETS		546,217,632	607,995,864
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital	8	351,205,480	351,205,480
Statutory reserve		192,812,478	192,812,478
Accumulated profit		171,688	32,390,940
Certificate holders' equity		544,189,647	576,408,898
(Deficit) on revaluation of investments	9	(44,857,592)	(23,701,850)
CURRENT LIABILITIES			
Accrued and other liabilities		17,252,672	26,989,295
Unclaimed profit distributions		29,632,906	28,299,521
		46,885,577	55,288,816
TOTAL EQUITY AND LIABILITIES		546,217,632	607,995,864
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

-----Sd-----

Chief Executivce Officer

-----Sd-----

Director

-----Sd-----

Director

-----Sd-----

Chief Financial Officer

**FIRST UDL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31,2023**

	Nine Months Period Ended		Three Months Period Ended	
	March 31,2023	March 31,2022	March 31,2023	March 31,2022
----- Rupees -----				
Income / (loss) from:				
- Ijarah operations	-	28,750	-	-
- Diminishing Musharakah	16,180,835	14,252,357	4,858,262	5,543,995
- Sale of investments	23,851	(55,180)	23,851	-
- Rental property	-	2,149,076	-	-
- Dividend	19,975,972	5,871,521	7,806,107	1,145,035
- Gain on disposal of held for sale assets	-	93,551,519	-	-
- Bank balances / TDRs	8,286,155	11,447,140	2,191,464	4,073,020
- Other sources	1,458,874	287,590	3,375	285,862
	<u>45,925,687</u>	<u>127,532,773</u>	<u>14,883,059</u>	<u>11,047,912</u>
Unrealized (loss) / profit on re-measurement of investments at FVTPL	<u>(1,164,253)</u>	<u>(9,536,828)</u>	<u>509,175</u>	<u>(1,836,982)</u>
	<u>44,761,434</u>	<u>117,995,945</u>	<u>15,392,234</u>	<u>9,210,930</u>
Operating expenses	<u>(41,286,351)</u>	<u>(25,807,830)</u>	<u>(13,264,083)</u>	<u>(8,062,358)</u>
Financial charges	<u>(357,475)</u>	<u>(15,346)</u>	<u>(344,882)</u>	<u>(5,979)</u>
	<u>3,117,608</u>	<u>92,172,769</u>	<u>1,783,269</u>	<u>1,142,593</u>
Management Company's remuneration	<u>(311,761)</u>	<u>(9,217,277)</u>	<u>(178,327)</u>	<u>(114,259)</u>
Sales tax on Management Company's remuneration	<u>(40,529)</u>	<u>(1,198,246)</u>	<u>(23,183)</u>	<u>(14,854)</u>
Provision for Sindh Workers' Welfare Fund	<u>(55,306)</u>	<u>(1,635,145)</u>	<u>(31,635)</u>	<u>(20,270)</u>
	<u>(407,596)</u>	<u>(12,050,668)</u>	<u>(233,145)</u>	<u>(149,383)</u>
Profit before taxation	<u>2,710,012</u>	<u>80,122,101</u>	<u>1,550,125</u>	<u>993,210</u>
Taxation	<u>(3,320,767)</u>	<u>(13,798,000)</u>	<u>(1,259,378)</u>	<u>(163,997)</u>
(Loss) / profit after taxation	<u>(610,755)</u>	<u>66,324,101</u>	<u>290,747</u>	<u>829,213</u>
(Loss) / Earning per certificate - basic and diluted	<u>11</u>	<u>(0.02)</u>	<u>1.89</u>	<u>0.01</u>
			<u>0.01</u>	<u>0.02</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

-----Sd-----	-----Sd-----	-----Sd-----	-----Sd-----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31,2023**

	Nine Months Period Ended		Three Months Period Ended	
	March 31,2023	March 31,2022	March 31,2023	March 31,2022
	----- Rupees -----			
(Loss) / profit after taxation	(610,755)	66,324,101	290,747	829,213
Items that will not be reclassified subsequently to profit and loss account				
Unrealized (loss) on re-measurement of investments at FVOCI	(21,155,742)	(50,287,919)	(6,531,411)	(7,582,623)
Total comprehensive (loss)/ income for the period	<u>(21,766,497)</u>	<u>16,036,182</u>	<u>(6,240,664)</u>	<u>(6,753,410)</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

-----Sd----- _____ Chief Executive Officer	-----Sd----- _____ Director	-----Sd----- _____ Director	-----Sd----- _____ Chief Financial Officer
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**FIRST UDL MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023**

	Nine Months Period Ended	
	March 31,2023	March 31,2022
	----- Rupees -----	
Profit before taxation	2,710,012	66,324,101
Adjustment of non cash items:		
Depreciation - fixed assets	3,354,746	6,522,382
Amortization of intangible assets	691,095	494,062
Unrealized loss on re-measurement of investments at FVTPL	1,164,253	9,536,828
Gain on sale of investments	(23,851)	(55,180)
Gain on sale of fixed assets	(586,475)	-
Gain on sale of assets classified as held for sale	-	(93,551,519)
Provision for ECL	157,881	-
Dividend income	(19,975,972)	(5,021,521)
Financial charges	357,475	15,346
	(14,860,848)	(82,059,602)
Operating loss before working capital changes	(12,150,836)	(15,735,501)
Changes in working capital:		
Decrease / (increase) in current assets		
Ijarah rental receivables	-	599,488
Diminishing Musharakah financing	35,774,652	(13,620,272)
Investment	2,000,000	160,805,956
Advances	(738,745)	(7,489,897)
Prepayments, deposits and other receivables	23,976,448	(1,934,447)
	61,012,355	138,360,828
(Decrease) / increase in current liabilities		
Accrued and other liabilities	(9,736,622)	(117,128,956)
Unclaimed profit distribution	1,333,385	9,448,214
	(8,403,238)	(107,680,742)
Income tax paid	(4,837,917)	(3,975,204)
Financial charges paid	(357,475)	(15,346)
Net cash generated/ (used in) from operating activities	35,262,889	10,954,035
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,247,954)	-
Proceeds from sale held for sale assets	-	230,000,000
Proceeds from sale of assets-Leased out	-	8,003,400
Purchase of investments	(4,507,883)	(26,344,000)
Proceeds from sale of fixed assets	787,500	9,773,306
Dividends received	19,322,457	5,021,521
Net cash generated from investing activities	9,354,120	226,454,227
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(31,608,497)	(73,753,152)
Net increase/ (decrease) in cash and cash equivalents	13,008,512	163,655,110
Cash and cash equivalents at the beginning of the period/ year	37,227,011	109,771,934
Cash and cash equivalents at the end of the period/ year	50,235,523	273,427,044

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

-----Sd-----	-----Sd-----	-----Sd-----	-----Sd-----
_____ Chief Executive Officer	_____ Director	_____ Director	_____ Chief Financial Officer

**FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023**

	Certificate Capital	Capital Reserve *Statutory Reserve	Revenue Reserve Accumulated (Loss) / Profit	Total Certificate Holders' Equity
	----- Rupees -----			
Balance as at 01 July 2021	351,205,480	177,627,753	38,774,088	567,607,321
Total comprehensive income for the period	-	-	66,324,101	66,324,101
Surplus transferred to accumulated profit	-	-	1,617,508	1,617,508
Transaction with certificate holders of the Modaraba				
Dividend for the year ended June 30,2021(11%)			(38,632,603)	(38,632,603)
Dividend for the half year ended December 31,2021(10%)			(35,120,549)	(35,120,549)
Balance as at March 31,2022	<u>351,205,480</u>	<u>177,627,753</u>	<u>32,962,545</u>	<u>561,795,778</u>
Balance as at 1 July 2022	351,205,480	192,812,478	32,390,940	576,408,898
Total comprehensive loss for the period	-	-	(610,755)	(610,755)
Transaction with certificate holders of the Modaraba				
Final dividend for the year ended 30 June 2022 (9%)	-	-	(31,608,497)	(31,608,497)
Balance as at March 31,2023	<u>351,205,480</u>	<u>192,812,478</u>	<u>171,688</u>	<u>544,189,647</u>

*The statutory reserve represents profit set aside as required under the Modaraba Regulation 2021 for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

-----Sd-----	-----Sd-----	-----Sd-----	-----Sd-----
Chief Executive Officer	Director	Director	Chief Financial Officer

FIRST UDL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1 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 Business Enclave, 77-C, 1st Floor, 12th Commercial Street, Phase II, Ext. DHA, Karachi. The Modaraba is managed by UDL Modaraba Management (Private) Limited (the Management Company), a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional modaraba and is engaged in providing finance on murabaha, musharaka and ijarah arrangements as well as trading in listed and non-interest bearing securities. The Modaraba is listed on Pakistan Stock Exchange Limited.
- 1.2 The Board of Directors, in its meeting held on 10 February 2022, has resolved to evaluate possibilities for conversion of the Modaraba into a Public Limited Company subject to all requisite regulatory and legal approvals.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standards (IAS) 34, interim financial reporting issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directions issued under the Act;
 - Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021; and
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act.

Where the provisions of and directives issued under the Act, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFAS differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFAS have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended 30 June 2022.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2022 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2022 whereas the comparative interim profit and loss account, interim statement of comprehensive income, cash flow statement and statement of changes in equity for the nine months period ended March 31, 2022 have been extracted from the condensed interim financial information for the nine months period ended March 31, 2022.

3. ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK POLICIES

The accounting policies, estimates, judgements and financial risk policies used in these condensed interim financial statements are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2022.

FIRST UDL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

		(Un-audited)	(Audited)
		March 31,2023	30 June 2022
		----- Rupees -----	
4	LONG TERM INVESTMENTS		
	At FVTOCI	89,424,018	105,826,135
5	DIMINISHING MUSHARAKAH FINANCING		
	Secured		
	Diminishing Musharakah Financing	102,724,020	138,818,085
	Provision for ECL	(1,523,350)	(1,365,469)
		101,200,670	137,452,616
	Less: Current portion	(45,562,208)	(44,251,358)
		55,638,462	93,201,258
6	SHORT TERM INVESTMENTS		
	At amortised cost		
	Term deposit receipts	50,000,000	232,000,000
	At FVTPL		
	HBL Asset Management Limited	180,000,000	-
	Listed securities	14,529,741	15,693,994
		244,529,741	247,693,994
7	CASH AND BANK BALANCES		
	Cash in hand	650	650
	Cash at bank		
	- Current accounts	19,305,225	17,937,993
	- PLS accounts	30,929,648	19,288,368
		50,235,523	37,227,011
8	CERTIFICATE CAPITAL		
	Un-Audited Audited	Un-Audited	Audited
	March 31,2023 June	March 31,2023	30 June 2022
	-----Number of Certificates-----	----- Rupees -----	
		Issued, subscribed and paid-up capital	
	17,668,885 17,668,885	176,688,850	176,688,850
	17,451,663 17,451,663	174,516,630	174,516,630
	35,120,548 35,120,548	351,205,480	351,205,480

**FIRST UDL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023**

	Un-Audited March 31, 2023 ----- Rupees -----	Audited 30 June 2022 ----- Rupees -----
9 DEFICIT ON REVALUATION OF INVESTMENTS		
Opening balance	(23,701,850)	46,824,198
Surplus transferred to accumulated profit	-	(6,631,110)
Deficit on revaluation during the period/ year	(21,155,742)	(63,894,938)
Closing balance	<u>(44,857,592)</u>	<u>(23,701,850)</u>

10 CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of contingencies and commitments as disclosed in the annual financial statements for the year ended 30 June 2022.

	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
11 (LOSS)/ EARNING PER CERTIFICATE				
	----- Rupees-----		----- Rupees-----	
(Loss)/ Profit after taxation	<u>(610,755)</u>	66,324,101	<u>290,747</u>	829,213
Weighted average number of ordinary certificates outstanding during the period	<u>35,120,548</u>	<u>35,120,548</u>	<u>35,120,548</u>	<u>35,120,548</u>
(Loss)/ Earning per certificate -Basic	<u>(0.02)</u>	<u>1.89</u>	<u>0.01</u>	<u>0.02</u>

11.1 There is no dilutive potential shares as at the period end.

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, no significant rearrangement or reclassification has been made in these financial statements during the current year.

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on 27th April, 2023 by the Board of Directors of the Management Company.

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

-----Sd----- _____ Chief Executive Officer	-----Sd----- _____ Director	-----Sd----- _____ Director	-----Sd----- _____ Chief Financial Officer
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First UDL Modaraba

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