



Nine Months Period Ended

March 31, 2019

(Un - audited)

# FIRST UDL MODARABA

Managed By:

UDL Modaraba Management (Pvt) Limited

## Corporate Information

MODARABA MANAGEMENT COMPANY	UDL Modaraba Management (Private ) Limited	
Board of Directors	Majid Hasan Ather Naqi Shuja Malik Farah Qureshi A.Rahim Suriya	Chairman ( Non Executive Director) Chief Executive Officer Executive Director Non Executive Director Non Executive Director
Company Secretary & CFO	Syed Aamir Hussain	
Audit Committee	A.Rahim Suriya Majid Hasan Farah Qureshi	Chairman Member Member
Human Resource & Remuneration Committee	Majid Hasan Farah Qureshi A.Rahim Suriya	Chairman Member Member
Auditors	Muniff Ziauddin & Co. Chartered Accountants	
Bankers	Albaraka Bank Limited Habib Bank Limited Dubai Islamic Bank Limited	
Registrar	Share Registrar Department Central Depository Company of Pakistan 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	Ford Rhodes Sidat Hyder & Co. Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi-75530.	
Associated Company	UDL Pharmaceuticals Pakistan (Pvt) Limited.	
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	092 - 21 - 35310561-5	
Fax	092 - 21 - 35310566	
E-Mail	<a href="mailto:info@udl.com.pk">info@udl.com.pk</a>	
Web	<a href="http://www.udl.com.pk">www.udl.com.pk</a>	



## DIRECTORS' REPORT

The Board of Directors of UDL Modaraba Management (Private) Limited present the un-audited accounts of First UDL Modaraba for the nine-month period ended March 31, 2019.

### **Review of Operations:**

During the nine months under review, income from financial activities reduced by 41% from Rs. 49.13 million to Rs. 28.86 million.

The Modaraba managed to post a quarterly profit Rs. 0.067 million and an overall profit of 0.71 million as compared to Rs. 18.43 million and Rs. 36.10 million respectively in the corresponding period. Major reduction in profitability was due to lower income from Ijarah activities and a significant decrease in income from investments by 77% from Rs. 25.90 million to Rs. 6.07 million.

The management is expecting the economic situation of the country to improve in the coming months resulting in a bullish stock market which would enable the modaraba to cash in on investments, resulting in profits and a better cash flow enabling diversion of funds in Ijarah and Diminishing Musharaka activities

### **Discontinued Operations**

In the nine months under review loss from discontinued pharmaceutical operations is Rs. 49.04 million as compared to Rs. 35.75 million in the same period while it was operational. Loss is mainly due to additional costs incurred while discontinuing operations, like higher discounts, staff settlements, etc.

Due to the reduction in income from investments and financial activities and also loss due to discontinued operations, the Modaraba, posted a net loss of Rs. 48.33 million as compared to a profit of Rs. 0.30 million in the corresponding period.

The management feels that with the Rupee trading at around Rs. 142 against the US Dollar and the overall sluggish current economic situation of the country, the decision to discontinue pharmaceutical operations was a wise one. Moreover, since the losses are due to discontinued operations, it is only temporary and the Modaraba should start making a net profit after June 30, 2019.



**Acknowledgement:**

The Board places on record its appreciation for guidance and support received from the Registrar Modarabas, Securities & Exchange Commission of Pakistan (SECP) and State Bank of Pakistan.

The Directors also acknowledge with thanks the support of the certificate-holders for their continued confidence and to the members of staff for their untiring efforts and dedication.

For and on behalf of the Board

---Sd---

**Ather Naqi**  
Chief Executive

April 29, 2019

FIRST UDL MODARABA  
CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2019

	Note	(Un-audited) March 31, 2019	Audited June 30, 2018
		Rupees in "000"	
<b>LIABILITIES AND EQUITY</b>			
<b>Certificate holders' equity</b>			
<b>Certificate capital:</b>			
Authorized capital 50,000,000 (June 30, 2018: 50,000,000) modaraba certificates of Rupees 10 each		500,000	500,000
Issued, subscribed and paid up certificate capital	5.	290,253	263,866
<b>Statutory reserve</b>		232,651	259,037
<b>Revenue reserves</b>			
Unappropriated profit		(53,850)	(5,515)
<b>Total equity</b>		469,053	517,389
Unrealized gain on re-measurement of available for sale investments		21,426	70,814
<b>Non-current liabilities</b>			
Long term security deposits		8,708	10,310
<b>Current liabilities</b>			
Current maturity of security deposits		8,125	14,391
Trade Creditors		645	3,037
Tijarah financing		-	30,000
Accrued and other liabilities		20,785	23,395
Unclaimed profit distributions		26,436	27,104
		55,991	97,927
<b>Contingencies and commitments</b>	6.	-	-
<b>Total liabilities and equity</b>		555,178	696,439
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - tangible	7.	127,241	249,293
Fixed assets - intangible		2,095	2,095
Investment property		74,199	-
capital work in process		-	300
Long term investments	8.	207,017	202,366
Diminishing Musaharakah Financing	9.	41,358	32,843
Long term advances and deposits		2,730	2,526
		454,641	489,424
<b>Current assets</b>			
Ijarah rental receivables		85	722
Stock		5,941	42,599
Trade Debts- unsecured but considered good		1,898	25,013
Diminishing Musaharakah Financing - current portion		25,437	19,719
Diminishing Musaharakah Financing - Recievable		600	357
Financial assets - Investments	10.	10,398	39,967
Advances - considered good		14,328	17,138
Prepayments and other receivables		5,811	5,642
Cash and bank balances	11.	36,040	55,860
		100,537	207,016
<b>Total assets</b>		555,178	696,439

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

-----Sd-----  
CHIEF FINANCIAL OFFICER  
Syed Aamir Hussain

-----Sd-----  
CHIEF EXECUTIVE  
Ather Naqi

-----Sd-----  
DIRECTOR  
Shuja Malik

-----Sd-----  
DIRECTOR  
Farah Qureshi

FIRST UDL MODARABA  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)  
FOR THE QUARTER AND NINE MONTHS PERIOD MARCH 31, 2019

	Quarter ended		Nine month ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Note ----- Rupees"000" -----				
<b>Revenue from:</b>				
- Ijarah Operations - net off depreciation	1,137	7,219	5,641	16,283
- Diminishing Musharakah	2,455	2,454	5,765	5,741
- Investments	1,450	22,153	6,075	25,908
- Rental Income	3,000	-	7,000	-
- Others	282	305	4,383	1,199
	<u>8,324</u>	<u>32,131</u>	<u>28,864</u>	<u>49,132</u>
Administrative expenses	7,170	6,536	23,736	18,322
Financial charges	66	-	1,561	1,205
	<u>7,236</u>	<u>6,536</u>	<u>25,297</u>	<u>19,527</u>
<b>Operating profit/(loss)</b>	<b>1,088</b>	<b>25,596</b>	<b>3,566</b>	<b>29,605</b>
Unrealised gain / (loss) on re-measurement of investment at fair value through profit or loss	(1,021)	(7,165)	(2,855)	6,496
<b>Profit from operations</b>	<b>67</b>	<b>18,430</b>	<b>711</b>	<b>36,100</b>
<b>Less:</b>				
Loss from discontinued operation	12 (17,454)	(11,102)	(49,047)	(35,752)
	<u>(17,387)</u>	<u>7,328</u>	<u>(48,336)</u>	<u>349</u>
<b>Less :</b>				
Modaraba company's management fee	-	(733)	-	(35)
Sales Tax on Management Fee	-	(95)	-	(5)
	<u>-</u>	<u>(828)</u>	<u>-</u>	<u>(39)</u>
	<u>(17,387)</u>	<u>6,500</u>	<u>(48,336)</u>	<u>309</u>
<b>Less :</b>				
Workers Welfare Fund	-	(130)	-	(6)
<b>Profit/(loss) for the period</b>	<b><u>(17,387)</u></b>	<b><u>6,370</u></b>	<b><u>(48,336)</u></b>	<b><u>303</u></b>
<b>Earning/(loss) per certificate - basic and diluted</b>	13 <u>(0.60)</u>	<i>Restated</i> <u>0.22</u>	<i>Restated</i> <u>(1.67)</u>	<i>Restated</i> <u>0.01</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

-----Sd-----  
CHIEF FINANCIAL OFFICER  
Syed Aamir Hussain

-----Sd-----  
CHIEF EXECUTIVE  
Ather Naqi

-----Sd-----  
DIRECTOR  
Shuja Malik

-----Sd-----  
DIRECTOR  
Farah Qureshi

**FIRST UDL MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)  
FOR THE QUARTER AND NINE MONTHS PERIOD MARCH 31, 2019**

	Quarter ended		Nine month ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- Rupees "000" -----				
Profit/(loss) for the period	(17,387)	6,370	(48,336)	303
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
Items that will be reclassified subsequently to profit and loss account				
Unrealised loss on re-measurement of available for sale investments	(6,978)	10,759	(49,388)	(60,230)
<b>Total comprehensive income</b>	<b>(24,365)</b>	<b>17,129</b>	<b>(97,724)</b>	<b>(59,926)</b>

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Ather Naqi

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DIRECTOR  
Shuja Malik

-----Sd-----  
DIRECTOR  
Farah Qureshi

FIRST UDL MODARABA  
CONDENSED INTERIM STATEMENT OF CASH FLOW - (Un-audited)  
FOR THE QUARTER AND NINE MONTHS PERIOD MARCH 31, 2019

	March 31, 2019	March 31, 2018
	----- Rupees "000" -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	(48,336)	303
<i>Adjustment of non cash/non operating items:</i>		
Depreciation on owned assets	16,818	17,131
Amortization on intangible assets	-	-
Unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss	2,855	(6,496)
Amortization of assets leased out	18,789	39,455
Financial charges	1,561	1,205
(Gain)/loss on sale of leased assets	(465)	(89)
Loss/(gain) on sale of assets - own	(3,802)	(401)
Dividend income	(2,822)	(2,536)
(Gain) on sale of investment	(3,254)	(23,372)
Profit on bank deposits	(447)	(795)
	<u>29,234</u>	<u>24,102</u>
	<b>(19,102)</b>	<b>24,405</b>
<b>Changes in working capital:</b>		
<b>(Increase) / decrease in current assets</b>		
Stock	36,657	(6,207)
Ijarah rental receivables	637	93
Debtors	23,116	(6,656)
Diminishing Musaharakah Financing - Recievable	(243)	(317)
Diminishing Musaharakah Financing - current portion	(5,718)	(5,951)
Advances - considered good	2,810	7,762
Financial assets	29,569	(13,962)
Prepayments and other receivables	(169)	(6,935)
	<u>86,658</u>	<u>(32,172)</u>
<b>Increase in current liabilities</b>		
Current maturity of security deposits	(6,266)	(1,439)
Trade creditors	(2,392)	-
Payable to International Finance Corporation	-	(52,434)
Payable to management company	-	(3,669)
Tijarah financing	(30,000)	30,000
Accrued and other liabilities	(3,278)	7,562
	<u>25,622</u>	<u>(27,746)</u>
Financial charges paid	(1,561)	(1,205)
Profit distributed to certificate holders	-	(29,025)
	<u>(1,561)</u>	<u>(30,231)</u>
<i>Net cash flows generated from operating activities</i>	<u>24,061</u>	<u>(57,977)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets - leased out	(4,528)	(6,950)
Purchase of fixed assets - own	(7,147)	(17,471)
Proceeds from sale of fixed assets - own	10,397	605
Proceeds from sale of fixed assets - Leased out	17,791	13,834
Dividends received	2,822	2,536
Profit received on bank deposits	447	795
Purchase of Investments	(4,651)	60,951
Proceeds from sale of investments - net	(48,989)	(30,362)
<i>Net cash flows (used in) investing activities</i>	<u>(33,860)</u>	<u>23,938</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed assets - intangible	-	(375)
Diminishing Musaharakah Financing	(8,515)	8,280
Long term advances and deposits	(204)	(1,224)
capital work in process	300	-
Long term security deposits	(1,602)	(7,602)
	<u>(10,021)</u>	<u>(920)</u>
<i>Net cash flows (used in) / generated from financing activities</i>	<u>(19,821)</u>	<u>(34,959)</u>
<b>Net change in cash and cash equivalents during the period</b>	<u>(19,821)</u>	<u>(34,959)</u>
Cash and cash equivalents at the beginning of the period	55,860	91,589
<b>Cash and cash equivalents at the end of the period</b>	<u>36,040</u>	<u>56,630</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

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Syed Aamir Hussain

-----Sd-----  
CHIEF EXECUTIVE  
Ather Naqi

-----Sd-----  
DIRECTOR  
Shuja Malik

-----Sd-----  
DIRECTOR  
Farah Qureshi



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)  
FOR THE QUARTER AND NINE MONTHS PERIOD MARCH 31, 2019

	Issued, subscribed and paid-up certificate capital	* Statutory Reserve	Revenue reserve Unappropriated Profit	Certificate holder's equity
----- Rupees "000" -----				
Balance as at July 01, 2017	263,866	259,037	30,743	553,646
Profit distribution in cash	-	-	(29,025)	(29,025)
Profit/(loss) for the period March 31, 2018	-	-	303	303
<b>Balance as at June 30, 2018</b>	<u>263,866</u>	<u>259,037</u>	<u>2,021</u>	<u>524,924</u>
Balance as at July 01, 2018	263,866	259,037	(5,515)	517,389
Bonus shares issued for the year ended June 30, 2018 (10%)	<b>26,386</b>	<b>(26,386)</b>	-	-
Profit/(loss) for the period March 31, 2019	-	-	(48,336)	(48,336)
<b>Balance as at March 31, 2019</b>	<u>290,252</u>	<u>232,651</u>	<u>(53,850)</u>	<u>469,053</u>

\*The statutory reserve represents profit set-aside as required under Prudential Regulations for Modaraba and is transferred annually at year end.  
The annexed notes from 1 to 16 form an integral part of these condensed interim financial information.

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

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Ather Naqi

-----Sd-----  
DIRECTOR  
Shuja Malik

-----Sd-----  
DIRECTOR  
Farah Qureshi

**FIRST UDL MODARABA**

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited)  
FOR THE QUARTER AND NINE MONTHS PERIOD MARCH 31, 2019**

**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 Business Enclave, 77-C, 1st Floor, 12th Commercial Street, phase II, Ext. DHA, Karachi and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Modaraba and is engaged in providing finance on Murabaha and Musharaka arrangements, Ijarah, commodity trading, manufacturing and trading of pharmaceutical products, and trading in listed and non-interest bearing securities. The Modaraba is listed on Pakistan Stock Exchanges.

**2. BASIS OF PREPARATION**

This financial statements comprise balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity and the notes forming part thereof for the Nine months period ended March 31, 2019 have been prepared under the historical cost convention except for: investments - available for sale and investment - at fair value through profit or loss have been recognised at fair value.

**3. STATEMENT OF COMPLIANCE**

The condensed interim financial information for the nine months period ended March 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Security and Exchange Commission of Pakistan (the Modaraba regulations). In case where requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 have been followed. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual Financial Statements for the year ended June 30, 2018.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2018 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2017 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, 2018 have been extracted from the condensed interim financial information for the nine months period ended March 31, 2018.

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 10 of 2004 dated 13 February has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from 1st July 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of said IAS to the Modarabas. However, the requirements of above IAS have been considered for the purpose of preparations of the condensed interim financial information.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30,2018.

**5. ISSUED SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

Un-audited March 31, 2019	Audited June 30, 2018		Un-audited March 31, 2019	Audited June 30, 2018
-----Number of certificates-----			----- Rupees "000" -----	
17,668,885	17,668,885	Modaraba certificates of Rs. 10 each fully paid in cash	176,689	176,689
11,356,363	8,717,704	Modaraba certificates issued as fully paid bonus certificates	113,564	87,177
<u>29,025,248</u>	<u>26,386,589</u>		<u>290,253</u>	<u>263,866</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 There is no change in the status of contingencies as disclosed in annual financial statements for the year ended June 30, 2018.

	Note	Un-audited March 31, 2019	Audited June 30, 2018
----- Rupees "000" -----			
<b>6.2 COMMITMENTS</b>			
Lease rentals - within one year		875	-
Lease rentals - 1-5 years		<u>4,964</u>	<u>-</u>
		<u>5,839</u>	<u>-</u>
<b>7. FIXED ASSETS - tangible</b>			
Assets in own use		87,691	174,874
Assets leased out		<u>39,550</u>	<u>136,057</u>
		<u>127,241</u>	<u>310,931</u>
<b>8 LONG TERM INVESTMENTS</b>			
<b>Available for sale</b>			
Listed companies		207,017	202,366
		<u>207,017</u>	<u>202,366</u>
<b>9 DIMINISHING MUSHARIKA FINANCING</b>			
<b>Secured</b>			
Diminishing Musharakah financing		61,537	48,962
Less: Current Portion		<u>(25,437)</u>	<u>(19,719)</u>
		36,100	29,243
Add: Advance against diminishing musharikhah financing		<u>5,258</u>	<u>3,600</u>
		<u>41,358</u>	<u>32,843</u>
<b>10. FINANCIAL ASSETS - INVESTMENTS</b>			
<b>at fair value through profit or loss</b>			
Other listed companies		10,398	39,967
		<u>10,398</u>	<u>39,967</u>
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		106	156
<b>Cash at banks</b>			
- PLS saving accounts	11.1	<u>18,174</u>	<u>19,257</u>
- Current accounts		<u>17,760</u>	<u>36,447</u>
		<u>35,934</u>	<u>55,705</u>
		<u>36,040</u>	<u>55,860</u>

11.1 These accounts carry profit rate ranging from 6.5 % to 8.5 % (30 June, 2018: 5.5 % to 6.5 %)

## 12 LOSS FROM DISCONTINUED OPERATION

The management has decided to discontinue pharmaceutical operations due to continuous Pak rupee devaluation and increasing in price of raw material with effect from July 10, 2018. The modaraba has informed to the SECP, Pakistan stock exchange and certificate holders accordingly.

	Quarter ended		Nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees "000" -----			
Revenue from pharma business	2,152	42,181	66,226	124,220
<b>Less:</b>				
Cost of goods sold	(5,308)	(25,945)	(64,937)	(81,726)
Distribution & claims	(9,052)	(22,044)	(38,453)	(60,895)
Damaged stock	(3,432)	-	(3,432)	-
Operating expenses - pharma	(1,813)	(5,295)	(8,450)	(17,351)
<b>Loss from discontinued operation for the period</b>	<b>(17,454)</b>	<b>(11,102)</b>	<b>(49,047)</b>	<b>(35,752)</b>
<b>Loss per certificate - basic</b>	<b>(0.60)</b>	<b>(0.38)</b>	<b>(1.69)</b>	<b>(1.23)</b>

## 13 Earning/(loss) per certificate

		<i>Restated</i>	<i>Restated</i>
Profit/(loss) for the period (Rupees in "000")	(17,387)	6,370	303
Weighted average number of certificates	29,025,248	29,025,248	29,025,248
Earning/(loss) per certificate - basic	(0.60)	0.23	0.01

## 14 FINANCIAL RISK MANAGEMENT

The Modarabas' financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2018.

## 15 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were approved and authorized for issue on 29th April, 2019 by the Board of Directors of the Modaraba company.

## 16 GENERAL

- 16.1 The corresponding figures have been re-arranged and reclassified where ever necessary for better comparison.
- 16.2 The figures have been rounded off to the nearest thousand rupees.

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

-----Sd-----  
CHIEF FINANCIAL OFFICER  
Syed Aamir Hussain

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CHIEF EXECUTIVE  
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DIRECTOR  
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DIRECTOR  
Farah Qureshi