



First Quarter Ended Report

September 30, 2014

(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 Asad Abdulla S.M.Nasir Raza	Chairman ( Non Executive Director) Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director
Company Secretary & CFO	Syed Aamir Hussain	
Audit Committee	S.M.Nasir Raza Majid Hasan Asad Abdulla	Chairman Member Member
Human Resource & Remuneration Committee	Asad Abdulla S.M.Nasir Raza Shuja Malik	Chairman Member Member
Auditors	Avais Hyder Liaquat Nauman Chartered Accountants	
Bankers	Habib Metropolitan 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 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.	
Head Office & Registered Office	C-117/1 KDA Scheme No.1,Tipu Sultan Road, Karachi.	
Factory	E-44/45 North Western Industrial Zone, Port Qasim, Karachi	
Phone	(92-21) 34315591-5	
Fax	(92-21) 34315596	
E-Mail	<a href="mailto:info@udlmodaraba.com">info@udlmodaraba.com</a>	
Web	<a href="http://www.udlmodaraba.com">www.udlmodaraba.com</a>	

## **DIRECTORS' REPORT**

The Board of Directors of UDL Modaraba Management Private Limited takes pleasure in presenting the un-audited accounts of First UDL Modaraba for the quarter ended September 30, 2014.

### **Review of Operations:**

The Modaraba had an operating loss of Rs. 15.51 million as compared with an operating loss of Rs. 1.17 million in the corresponding quarter of FY 13. The operating loss is mainly due to increase in operating expenses of the Pharma division, partly offset by increase in income from Ijarah Operations. However, the overall profitability of the Modaraba amounted to Rs. 7.55 million as compared to Rs. 4.63 million in the 1st Qtr of 2013, an increase by 63%.

Income from Ijarah operations is in line with the income in the corresponding period; however, the main contributor towards net profitability during the period has been unrealized gains from investments. Part of the unrealized gains has been realized in the current quarter.

Pharmaceutical sales during the period were Rs. 7.10 million as compared with Rs. 1.51 million in the same period last year. Now that the sales network is in place, better sales performance is expected in the months to come.

The management is satisfied with the overall operations of the Modaraba, including, Ijarah operations, Investments and the Pharma division.

### **Acknowledgement:**

The Board places on record its appreciation for guidance and support received from Securities & Exchange Commission of Pakistan 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

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**Chief Executive**

30-Oct-14

**FIRST UDL MODARABA**  
**BALANCE SHEET (Un-audited)**  
**AS AT SEPTEMBER 30, 2014**

	Note	Sept. 2014	June 2014
<b>Rupees in '000'</b>			
<b>Capital and reserves</b>			
Authorised 50,000,000 Modaraba Certificates of Rs.10/- each		<b>500,000</b>	500,000
Issued, subscribed and paid-up		<b>263,866</b>	263,866
Statutory reserves		<b>215,716</b>	215,716
Unrealized gain on re-measurement of available for sale investments		<b>65,549</b>	69,337
Accumulated profit		<b>36,528</b>	28,972
		<b>581,659</b>	577,891
<b>Non - Current liabilities</b>			
Long term security deposits		<b>49,767</b>	60,838
Deferred liabilities		<b>104,016</b>	104,016
		<b>153,783</b>	164,854
<b>Current liabilities</b>			
Current portion of long term liabilities		<b>53,091</b>	50,209
Payable to management company		<b>2,749</b>	5,149
Accrued & other liabilities	5	<b>33,065</b>	30,645
		<b>88,905</b>	86,003
		<b>824,347</b>	828,748
<b>Non - Current assets</b>			
<b>Fixed Assets - Tangible</b>			
Assets in own use		<b>188,620</b>	190,556
Assets leased out		<b>250,004</b>	273,713
Fixed Assets - Intangible		<b>2,689</b>	2,689
Long term advances and deposits		<b>143</b>	143
Long term investments	6	<b>136,187</b>	136,779
		<b>577,643</b>	603,880
<b>Current assets</b>			
Ijarah rental receivable		<b>1,930</b>	866
Stock		<b>8,307</b>	10,396
Trade debts		<b>10,956</b>	9,319
Current portion of Diminishing Musharika financing		<b>6,560</b>	8,747
Financial assets	7	<b>92,058</b>	48,504
Advances		<b>20,516</b>	18,889
Prepayments & other receivable		<b>15,591</b>	5,270
Cash and bank balances		<b>90,786</b>	122,877
		<b>246,704</b>	224,868
		<b>824,347</b>	828,748

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST UDL MODARABA**  
**PROFIT AND LOSS ACCOUNT(Un-audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Sept. 2014	Sept. 2013 (Re-stated)
	Rupees in '000'	
<b>REVENUES</b>		
- Ijarah Operation	39,180	38,063
- Musharika finance	279	805
- Investments	(409)	7,772
- Pharma business	7,107	1,512
- Other sources	2,252	1,563
	<b>48,409</b>	<b>49,715</b>
<b>EXPENSES</b>		
- Cost of goods sold - pharma	11,792	5,877
- Selling & distribution	9,514	-
- Operating	12,129	14,047
- Depreciation on assets leased out	30,492	30,961
	<b>63,927</b>	<b>50,885</b>
<b>OPERATING (LOSS)</b>	<b>(15,518)</b>	<b>(1,170)</b>
Unrealized gain on re-measurement of investments at fair value through profit or loss	18,352	1,136
Share of profit from associates ( Unrealized)	5,888	5,378
	<b>24,240</b>	<b>6,514</b>
Profit for the quarter	<b>8,722</b>	<b>5,344</b>
<b>Less:</b>		
Management company fee	872	534
Sales Tax on Management Fee	140	86
	<b>1,012</b>	<b>620</b>
	<b>7,710</b>	<b>4,724</b>
<b>Less: Workers Welfare Fund</b>	<b>154</b>	<b>94</b>
	<b>7,556</b>	<b>4,630</b>
Earnings per certificate - basic & diluted	<b>0.29</b>	<b>0.18</b>

The annexed notes form an integral part of these financial statements.

**Chief Executive**

**Director**

**Director**

**FIRST UDL MODARABA**  
**STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Sept. 2014	Sept. 2013
	<u>Rupees in '000'</u>	
<b>Other comprehensive income</b>	7,556	4,630
Unrealised (loss) / gain on remeasurement of available for sale investment	<b>(3,788)</b>	(29,220)
Taxation relating to component of other comprehensive income	-	-
Other comprehensive income	<u>(3,788)</u>	<u>(29,220)</u>
<b>Total comprehensive income</b>	<u><u>3,768</u></u>	<u><u>(24,590)</u></u>

The annexed notes form an integral part of these financial statements.

**Chief Executive**

**Director**

**Director**

**FIRST UDL MODARABA**  
**CASH FLOW STATEMENT (Un-audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Sept. 2014	September 2013
	Rupees '000'	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	7,556	5,344
<b>Adjustment for :-</b>		
Depreciation on own assets	4,906	3,992
Amortization on assets leased out	30,492	30,961
Loss / (Gain) on sale of investments	409	(7,772)
Unrealized (gain) on investments -held for trading	(18,352)	(1,136)
Unrealized loss on investments-held to maturity	3,788	29,220
Share of profit from associates	(5,888)	(5,378)
	<u>15,355</u>	<u>49,887</u>
<b>Operating profit before working capital changes</b>	22,911	55,231
<b>(Increase) / decrease in current assets</b>		
Ijarah rental receivable	(1,064)	142
Musharika receivable	2,187	697
Stock	2,089	(892)
Trade debts	(1,637)	-
Financial assets	(43,554)	(11,741)
Advances, deposits, prepayments & other receivables	(11,948)	(5,093)
	<u>(53,927)</u>	<u>(16,887)</u>
<b>Increase in current liabilities</b>		
Current portion on long term liabilities	2,882	18,302
Creditors, accrued charges & other liabilities	20	(8,564)
	<u>2,902</u>	<u>9,738</u>
<b>Net Cash flow from Operating Activities</b>	(28,114)	48,082
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets leased out - net	(6,783)	(34,484)
Fixed assets own - net	(2,970)	(10,869)
Long-term investment - net	16,847	(5,809)
<b>Net cash flow from investing activities</b>	7,094	(51,162)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Diminishing Musharika Financing	-	1,768
Long term security deposits	(11,071)	(11,393)
Net cash flow from financing activities	(11,071)	(9,625)
Net cash flow for the period	(32,091)	(12,705)
Bank balance at the beginning of the period	122,877	95,851
	<u>90,786</u>	<u>83,146</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST UDL MODARABA**  
**STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

PARTICULARS	Certificate	Statutory	Unrealized gain/ (loss)	Accumulated	TOTAL
	Capital	Reserves	on remeasurement of available for sale investment	Profit / (Loss)	
	RUPEES in ('000')				
Balance as at July 01, 2013	263,866	202,028	57,884	29,631	553,409
Other comprehensive income for the year ended June 30, 2014	-	-	11,453	68,441	79,894
Profit distribution in cash - Final (2013)	-	-	-	(26,387)	(26,387)
Profit distribution in cash-First Interim	-	-	-	(15,832)	(15,832)
Profit distribution in cash-Second Interim	-	-	-	(13,193)	(13,193)
Transferred to statutory reserve	-	13,688	-	(13,688)	-
Balance as at June 30, 2014	263,866	215,716	69,337	28,972	577,891
Profit for the period	-	-	-	7,556	7,556
Other comprehensive income for the period ended September 30, 2014	-	-	(3,788)	-	(3,788)
<b>Balance as at September 30, 2014</b>	<b>263,866</b>	<b>215,716</b>	<b>65,549</b>	<b>36,528</b>	<b>581,659</b>

The annexed notes form an integral part of these financial statements.

**Chief Executive**

**Director**

**Director**

**FIRST UDL MODARABA  
NOTES TO THE ACCOUNTS  
AS AT SEPTEMBER 30, 2014**

**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 C-117/1, KDA Scheme No # 1, Tipu Sultan Road, 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 Karachi, Islamabad and Lahore Stock Exchanges.

**2 BASIS OF PREPARATION**

- 2.1** These financial statements comprising balance sheet, profit and loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes have been prepared under the historical cost convention except for: investments - available for sale and investment - at fair value through profit or loss have been recognized at fair value.
- 2.2** These financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

**3 STATEMENT OF COMPLIANCE**

- 3.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws). Approved accounting standards comprise such International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of relevant laws or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the relevant laws and the said directives take precedence.
- 3.2** 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.

**4 SIGNIFICANT ACCOUNTING POLICIES**

All the accounting policies applied are in consistent with those of the annual financial statements for the year ended June 30, 2014, as described in those annual financial statements.

	Note	Sept. 2014	June 2014
<b>Rupees in '000'</b>			
<b>5 CREDITORS, ACCRUED &amp; OTHER LIABILITIES</b>			
Accrued expenses		469	1,118
Other liabilities			
Provision for taxation		4,230	4,388
Unclaimed profit distribution		17,189	17,637
Others		11,177	7,501
		<u>33,065</u>	<u>30,644</u>

## 6 LONG TERM INVESTMENTS

Unless otherwise stated, holdings are in ordinary certificates / shares of Rupees 10 each.

Associated Undertaking	6.1	57,319	54,123
Listed companies	6.2	78,868	82,656
		<u>136,187</u>	<u>136,779</u>

### 6.1 Associated undertakings

	30-Sep-14				
	Rupees in '000'				
	Searle Company Limited	United Distributor s Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
Opening balance	31,598	19,450	3,075	-	54,123
Shares purchased / (sold & transfer) during the period	(4,744)	2,005	47	-	(2,692)
Share of profit / (loss) from associates	1,420	4,454	14	-	5,888
Dividend Income	-	-	-	-	-
	<u>28,274</u>	<u>25,909</u>	<u>3,136</u>	-	<u>57,319</u>

30-Jun-14  
Rupees in '000'

	Searle Company Limited	United Distributors Pakistan Limited	United Brands Limited	IBL Healthcare Limited	Total
Opening balance	40,218	12,500	2,952	3,078	58,748
Shares transfer / Sold during the period	(26,040)	1,600	126	(3,078)	(27,392)
Share of profit / (loss) from associates	19,049	5,350	66	-	24,465
Dividend Income	(1,629)	-	(69)	-	(1,698)
	<b>31,598</b>	<b>19,450</b>	<b>3,075</b>	<b>-</b>	<b>54,123</b>

No. of shares		30-Sep-14	30-Jun-14
		Rupees in '000'	
30-Sep-14	30-Jun-14		

## 6.2 Listed companies

Gillette Pakistan Limited	<b>175,285</b>	175,285	73,269	77,125
Nimir Industrial Chemicals	<b>75,000</b>	75,000	2,050	1,880
International Knitware Ltd	<b>255,301</b>	255,301	3,549	3,651
			<b>78,868</b>	<b>82,656</b>

## 7 FINANCIAL ASSETS - INVESTMENTS

'- at fair value through profit or loss

Associated Undertaking		<b>7.1</b>	<b>24,495</b>	-
Listed companies		<b>7.2</b>	<b>67,563</b>	48,504
			<b>92,058</b>	<b>48,504</b>

### 7.1 Associated undertakings

The Searle Company	<b>100,000</b>	-	<b>24,495</b>	-
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## 7.2 Listed companies

Lafarge Pak. Cement Ltd	1,500,000	1,500,000	24,765	23,970
Attock Refinery Limited	45,000	45,000	9,220	9,553
Gillette Pakistan Limited	21,000	3,000	8,778	1,320
Glaxo Smith Kline Limited	25,000	11,000	5,025	1,826
Arif Habib Corp. Limited	76,000	121,000	1,925	3,368
Unicap Modaraba	36,500	36,500	72	80
Fidelity Leasing Modaraba	20,630	20,630	65	63
WorldCall Telecom Limited	200,000	200,000	386	418
Pakistan Petroleum Limited	-	25,000	-	5,609
Pakistan State Oils Limited	3,000	3,000	1,082	1,167
Nimir Industrial Chemicals	17,500	17,500	478	439
Shell Pakistan Limited	7,500	2,500	2,052	691
Pakistan Intl. Bulk Terminal	25,000	-	521	-
Maple Leaf Cement	200,000	-	5,438	-
D.G.Khan Cement	10,000	-	797	-
Highnoon Laboratories	25,000	-	5,584	-
First Equity Modaraba	275,000	-	1,375	-
			<u>67,563</u>	<u>48,504</u>

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

## 8 GENERAL

- The figures have been rounded off to the nearest thousand rupee.

**Chief Executive**

**Director**

**Director**