



First Quarter Ended Report

September 30, 2016

(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 S.M.Nasir Raza 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	S.M.Nasir Raza Majid Hasan A.Rahim Suriya	Chairman Member Member
Human Resource & Remuneration Committee	A.Rahim Suriya S.M.Nasir Raza Shuja Malik	Chairman Member Member
Auditors	Avais Hyder Liaquat Nauman & Co. Chartered Accountants	
Bankers	Habib Metropolitan Bank Limited Al Baraka bank 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	Business Enclave, 77-C, 1st Floor, 12th Commercial street, off: Kh-e-ittehad, DHPhase II (Ext) Karachi	
Factory	E-44/45 North Western Industrial Zone, Port Qasim, 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 un-audited accounts of First UDL Modaraba for the quarter ended September 30, 2016.

Review of Operations:

During the quarter, income from Ijarah reduced by 20% from Rs. 5.2 million to Rs. 4.2 million. The income from investments reduced by 80% from Rs. 12.8 million to Rs. 2.5 million. Pharmaceutical sales went up by 732% from Rs. 2.8 million to Rs. 23.3 million. Despite the growth in the pharma division the modaraba posted an operating loss of Rs. 8.9 million as compared with Rs. 5.2 million in the previous corresponding quarter.

Main reason for the loss was owing to decrease in realized income from investments and due to a decline in Ijarah income owing to lower kibar and also a slight reduction in the Ijarah portfolio.

Pharma divisions operating expenses reduced considerably. Efforts are being made to increase the sales further to make it a profitable business segment.

The Modaraba incurred a net loss of Rs. 6.5 million as compared to a net loss of Rs. 9.8 million, an improvement of 33% from the previous corresponding period of 2015.

The Ijarah operations of the Modaraba are profitable and with increase in sales of the pharma division, we expect the modaraba to perform much better in future.

Acknowledgement:

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

27th October'2016

**FIRST UDL MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016**

	(Un-audited) September 30, 2016	Audited June 30, 2016
Note	' Rupees in "000"	
LIABILITIES AND EQUITY		
Certificate holders' equity		
Certificate capital:		
Authorized capital 50,000,000 (June 30, 2016: 50,000,000) modaraba certificates of Rupees 10 each	500,000	500,000
Issued, subscribed and paid up certificate capital	5. 263,866	263,866
Statutory reserve	252,531	252,531
Revenue reserves		
Unrealized gain on re-measurement of available for sale investments	127,667	95,524
Unappropriated profit	24,591	31,106
Total equity	668,655	643,027
Non-current liabilities		
Long term security deposits	30,953	33,705
Deferred liabilities	104,016	104,016
	134,969	137,721
Current liabilities		
Current maturity of security deposits	46,874	44,254
Payable to management company	3,179	6,679
Accrued and other liabilities	46,738	48,692
	96,791	99,625
Contingencies and commitments	6. -	-
Total liabilities and equity	900,415	880,373
ASSETS		
Non-current assets		
Fixed assets - tangible	7. 369,181	390,243
Fixed assets - intangible	2,014	2,089
Capital work in process	9,840	5,960
Long term investments	8. 267,467	224,351
Long term advances and deposits	902	877
	649,404	623,520
Current assets		
Ijarah rental receivables	4,584	3,075
Stock	22,332	21,985
Trade Debts- unsecured but considered good	8,892	12,255
Current portion of diminishing musharaka financing	1,250	500
Financial assets - Investments	9. 45,578	42,859
Advances - considered good	21,953	13,522
Prepayments and other receivables	16,546	14,267
Cash and bank balances	10. 129,875	148,389
	251,011	256,853
Total assets	900,415	880,373

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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

-Sd-
CHIEF EXECUTIVE
Ather Naqi

-Sd-
DIRECTOR
Shuja Malik

-Sd-
DIRECTOR
Syed Nasir Raza

FIRST UDL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter Ended	
		September 2016	September 2015
		----- Rupees"000" -----	
Income from ijarah operations - net off depreciation		4,185	5,203
Income from musharaka finance		1,250	-
Income from investments		2,534	12,827
Income from other sources		553	1,225
Sales - Pharma business		23,361	2,879
		<u>31,884</u>	<u>22,133</u>
Cost of goods sold		18,182	9,663
Operating expenses	11	9,958	14,529
Selling & distribution		12,713	3,229
		40,853	27,421
Operating loss		(8,969)	(5,288)
Unrealised (loss)/gain on re-measurement of investment at fair value through profit or loss		2,455	(4,529)
		(6,515)	(9,816)
Less :			
Modaraba company's management fee		-	-
Sales Tax on Management Fee		-	-
		-	-
		<u>(6,515)</u>	<u>(9,816)</u>
Less :			
Workers Welfare Fund		-	-
(Loss) for the period		(6,515)	(9,816)
(Loss) per certificate - basic and diluted	12	(0.25)	(0.37)

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FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	<u>Quarter Ended</u>	
	<u>September</u> <u>2016</u>	<u>September</u> <u>2015</u>
	----- Rupees"000" -----	
(Loss) for the period	(6,515)	(9,816)
Other comprehensive income		
Unrealised gain on re-measurement of available for sale investments	32,143	30,202
Total comprehensive income	<u>25,628</u>	<u>20,386</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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**FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Certificate Capital	*Statutory Reserve	Unrealized gain /(loss) on re-measurement of available for sale investment	Unappropriated Profit	Total Certificate Holders' Equity
----- Rupees"000" -----					
Balance as at July 1, 2015	263,866	245,665	51,595	69,605	630,730
Other comprehensive income for the year ended June 30, 2016	-	-	43,929	34,334	78,263
Profit distribution - 30 June 2015 at 25%	-	-	-	(65,966)	(65,966)
Transfer to statutory reserve at 20%	-	6,867	-	(6,867)	-
Balance as at June 30, 2016	263,866	252,531	95,524	31,106	643,027
Other comprehensive income for the quarter ended september 30, 2016	-	-	32,143	(6,515)	25,628
Balance as at September 30, 2016	263,866	252,531	127,667	24,591	668,655

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

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**FIRST UDL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOW - (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	September 2016	September 2015
	----- Rupees "000" -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	(6,515)	(9,816)
<i>Adjustment of non cash/non operating items:</i>		
Depreciation on owned assets	5,018	5,487
Amortization on intangible assets	75	75
Amortization of assets leased out	22,495	21,279
Financial charges	-	13
Loss on sale of leased assets	-	961
(Gain) on sale of investment	(2,534)	(12,827)
Profit on bank deposits	(553)	(1,225)
Unrealised gain on re-measurement of investments at fair value through profit or loss	(2,455)	4,529
	<u>22,046</u>	<u>18,293</u>
	15,531	8,476
Changes in working capital:		
(Increase) / decrease in current assets		
Stock	(347)	2,245
Ijarah rental receivables	(1,509)	1,490
Debtors	3,363	1,682
Musharika receivables - secured	(750)	-
Advances - considered good	(8,431)	(919)
Financial assets	(2,719)	(4,967)
Prepayments and other receivables	(2,279)	(8,673)
	(12,672)	(9,142)
Increase in current liabilities		
Current maturity of security deposits	2,620	2,793
Payable to management company	(3,500)	(5,887)
Accrued and other liabilities	(1,954)	12,617
	<u>26</u>	<u>8,858</u>
Financial charges paid	-	(13)
	<u>-</u>	<u>(13)</u>
<i>Net cash flows generated/(used in) from operating activities</i>	26	8,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets - leased out	(4,219)	(37,809)
Purchase of fixed assets - own	(2,629)	(948)
Proceeds from sale of fixed assets - own	-	1,552
Profit received on bank deposits	553	1,225
Proceeds from sale of investments - net	49,943	56,670
Purchase of investments	(59,436)	(33,065)
<i>Net cash flows (used in)/generated from investing activities</i>	(15,787)	(12,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term security deposits	(2,752)	3,939
<i>Net cash flows (used in)/generated from financing activities</i>	<u>(2,752)</u>	<u>3,939</u>
Net change in cash and cash equivalents during the period	(18,514)	411
Cash and cash equivalents at the beginning of the period	148,389	93,392
Cash and cash equivalents at the end of the period	129,875	93,802

The annexed notes from 1 to 15 form an integral part of these condensed interim financial information.

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DIRECTOR
Shuja Malik

-Sd-
DIRECTOR
Syed Nasir Raza

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. D.H.A, 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 Exchange.

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 Quarter ended September 30, 2016 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

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 comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2016 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2016 whereas the comparative interim profit and loss account, interim statement of comprehensive income, cash flow statement and statement of changes in equity for the quarter ended period ended September 30, 2015 have been extracted from the condensed interim financial information for quarter ended period ended September 30, 2015.

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

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, 2016.

5. ISSUED SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Un-audited September 30, 2016	Audited June 30, 2016		Un-audited September 30, 2016	Audited June 30, 2016
-----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
8,717,704	8,717,704	Modaraba certificates issued as fully paid bonus certificates	87,177	87,177
26,386,589	26,386,589		263,866	263,866

6. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2016.

	Note	Un-audited September 30, 2016	Audited June 30, 2016
		----- Rupees "000" -----	
7. FIXED ASSETS - tangible			
Assets in own use		168,081	170,430
Assets leased out		201,100	219,813
		369,181	390,243

8. LONG TERM INVESTMENTS

Available for sale

	Note	Un-audited September 30, 2016	Audited June 30, 2016
		----- Rupees '000' -----	
Listed companies	8.1	267,467	224,351
		267,467	224,351

8.1 Listed companies

	Un-audited September 30, 2016	Audited June 30, 2016	Un-audited September 30, 2016	Audited June 30, 2016
	-----No. of shares-----		-----Rupees '000'-----	
Pharma & Bio Tech				
Searle Company Limited	219,190	196,190	125,705	105,187
Food and Personal Care Products				
Gillette Pakistan Limited	193,385	193,385	59,949	55,115
Al Shaheer Corporation	66,625	66,625	4,250	3,478
Fertilizer				
Engro Fertilizers Limited	54,000	54,000	3,330	3,482
Chemicals				
United Distributors (Pakistan) limited	962,569	962,569	39,465	26,952
Lotte Pakistan PTA Ltd	-	181,000	-	1,088
Construction and material				
Pakcem limited	607,000	642,000	12,644	11,338
Textile Composite				
International Knitwear Limited	549,102	549,102	9,747	8,868
United Brands Limited	71,560	71,560	6,349	3,971
Power Generation & distribution				
K-Electric Ltd	654,000	604,500	6,028	4,872
	3,377,431	3,520,931	267,467	224,351

	Note	Un-audited September 30, 2016	Audited June 30, 2016
		-----Rupees'000'-----	
9. FINANCIAL ASSETS - INVESTMENTS			
at fair value through profit or loss			
Other listed companies	9.1	45,578	42,859
		<u>45,578</u>	<u>42,859</u>

	Un-audited September 30, 2016	Audited June 30, 2016	Un-audited September 30, 2016	Audited June 30, 2016
	No. of Shares / Certificates		-----Rupees'000'-----	
9.1 Other listed companies				
Automobile Assembler				
Ghani automobile industries	120,000	-	1,172	-
Oil & Gas				
Pakistan State Oil Company Limited	-	1,500	-	563
Hascol Petroleum	39	360	9	70
Sui Northern Gas Pipelines Limited	60,713	713	3,043	26
Oil and Gas Development Co	500	5,000	71	690
Pakistan Refinery	10,000	10,000	447	412
Hi Tech Lubricant	12,000	-	1,006	-
Personal goods				
Gillette Pakistan Limited	3,000	3,000	930	855
Treet Coporation	25,000	-	1,365	-
Engineering				
Mughal Iron and steel Industries	-	15,000	-	1,008
Pharma & Bio Tech				
Glaxo Smithkline Limited	6,000	-	1,295	-
Highnoon (Lab)	2,144	3,644	1,176	2,100
IBL Health Care limited	132,935	156,835	21,920	24,909
				-
Financial Services				
First Fidelity Leasing Modaraba	20,630	20,630	55	50
Fertilizer				
Engro Corporation Limited	3,527	3,527	1,027	1,174
Fauji Fertilizer bin Qasim	-	1,000	-	53
Modaraba				
Unicap Modaraba	36,500	36,500	63	53
First Equity Modaraba	167,000	167,000	822	705
Chemical				
Nimir Resins Limited -LoR	123,000	-	520	-
Cement				
Bestway Cement	4,300	4,300	1,008	747
Pioneer Cement	500	4,500	53	483
Dewan Cement	5,000	-	132	-
Glass and Ceramics				
Ghani Global Glass limited	146,000	100,500	3,022	1,819
Industrial Metals & Mining				
Crescent Steel & Allied Products Limited	-	6,000	-	688
Fixed Line Telecommunication				
WorldCall Telecom Limited	200,000	200,000	572	392
Woollen				
Bannu Woollen	16,000	19,500	1,137	1,037
Real Estate Investment				
Dolmen City Reit	88,000	88,000	922	950
Miscellaneous				
Gammon Pakistan	15,500	47,500	459	629
Pakistan International Bulk terminal	107,440	107,440	3,351	3,446
			<u>45,578</u>	<u>42,859</u>

	Note	Un-audited September 30, 2016	Audited June 30, 2016
		-----Rupees'000'-----	
10 CASH AND BANK BALANCES			
Cash in hand		104	104
Cash at banks			
- PLS saving accounts	10.1	115,955	134,469
- Current accounts		13,816	13,816
		129,771	148,285
		<u>129,875</u>	<u>148,389</u>

10.1 Rate of return on these accounts range from 4% to 5.65% per annum (June 2016: 5% to 6.45%)

	Quarter ended	
	September 30, 2016	September 30, 2015
		----- Rupees "000" -----
11 OPERATING EXPENSES		
Modaraba Business	5,375	5,991
Pharma Business	4,583	8,538
	<u>9,958</u>	<u>12,129</u>
12 (LOSS) PER CERTIFICATE		
(Loss) for the period	(6,515)	(9,816)
Weighted average number of certificates	26,386,589	26,386,589
Loss per certificate - basic	(0.25)	(0.37)

13 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, 2016

14 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were approved and authorized for issue on 27th October, 2016 by the Board of Directors of the Modaraba company.

15 GENERAL

15.1 The corresponding figures have been re-arranged and reclassified where ever necessary for better comparison.

15.2 The figures have been rounded off to the nearest thousand rupees.

For UDL Modaraba Management (Private) Limited
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