



**First UDL Modaraba**

Nine months period ended Report  
**March 31, 2014 (Un-audited)**



**UDL Pharmaceuticals**  
(A division of First UDL Modaraba)



## Corporate Information


MODARABA MANAGEMENT COMPANY	UDL Modaraba Management (Private) Limited
Board of Directors	<p>Majid Hasan Chairman (Non Executive Director)</p> <p>Ather Naqi Chief Executive Officer</p> <p>Shuja Malik Executive Director</p> <p>S.M. Nasir Raza Executive Director</p> <p>Asad Abdulla Non Executive Director</p>
Company Secretary & CFO	Syed Aamir Hussain
Audit Committee	<p>Majid Hasan Chairman</p> <p>Shuja Malik Member</p> <p>Asad Abdulla Member</p>
Human Resource & Remuneration Committee	<p>Asad Abdulla Chairman</p> <p>S.M. Nasir Raza Member</p> <p>Shuja Malik Member</p>
Auditors	Avais Hyder Liaquat Nauman Chartered Accountants
Bankers	<p>Habib Metropolitan Bank Limited</p> <p>Habib Bank Limited</p> <p>Silk Bank Limited (Islamic Banking)</p> <p>Dubai Islamic Bank Limited</p>
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.
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	info@udlmodaraba.com
Web	www.udlmodaraba.com





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## 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 nine months ended March 31, 2014.

### Review of Operations:

The overall profitability (before management fee) of the Modaraba amounted to Rs. 32.33 million as against Rs. 43.37 million in the corresponding period last year. Although profit has decreased when compared with the previous nine month period, almost 44% of the total profit is attained in the current quarter, i.e. January-March 2014.

As mentioned in our previous reports, the decrease in profit is mainly attributable to increased operating expenses of the Pharma division, partly offset by increase in income from Ijarah Operations as well as through income from investments.

The Pharma sales during the period amounted to Rs. 9.2 million. Two new products (injectibles) are being added to the portfolio and are expected to be in the market in the month of May 2014. The new products are expected to have a significant impact on the company's topline.

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 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



**Ather Naqi**  
Chief Executive

24th April'2014.





# Nine Months

Period Ended March 31, 2014





# First UDL Modaraba Balance Sheet (Un-Audited)

as at March 31, 2014

	(Un-Audited)	(Audited)
Note	March 31, 2014	June 30, 2013

----- Rupees in '000' -----

## LIABILITIES AND EQUITY

### Certificate holders' equity Certificate capital:

#### Authorized capital

50,000,000 (June 30, 2013: 50,000,000)

modaraba certificates of Rupees 10 each

Issued, subscribed and paid up certificate capital

#### Statutory reserve

#### Revenue reserves

Unrealized gain on re-measurement of available

for sale investments

Unappropriated profit

#### Total equity

#### Non-current liabilities

Long term security deposits

Deferred liabilities

#### Current liabilities

Current maturity of security deposits

Payable to management company

Accrued and other liabilities

#### Contingencies and commitments

#### Total liabilities and equity

## ASSETS

### Non-current assets

Fixed assets - tangible

Fixed assets - intangible

Diminishing musharaka finance

Long term investments

Long term advances and deposits

### Current assets

Ijarah rental receivables

Stock

Debtors

Musharika receivables - secured

Financial assets - investments at fair value

through profit or loss

Advances - considered good

Prepayments and other receivables

Cash and bank balances

#### Total assets

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

For UDL Modaraba Management (Private) Limited  
(Management Company)  
Chief Executive Director




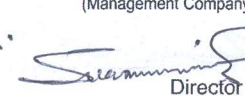

# First UDL Modaraba Profit & Loss Account (Un-Audited)

for the quarter & nine months period ended March 31, 2014

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
----- Rupees in '000' -----				
Income from Pharma business	7,125	-	9,200	-
Income from Modaraba business				
- Ijarah operations	38,644	35,690	115,159	100,724
- Musharika	1,000	3,463	2,533	12,555
- Investments	10,458	1,989	32,548	3,809
- Other sources	943	1,157	4,871	5,126
	51,046	42,299	155,112	122,214
	58,171	42,299	164,312	122,214
Operating expenses	24,068	8,396	62,097	22,428
Amortization on assets leased out under Ijarah	30,996	27,890	93,256	78,088
Financial charges	2	5	14	32
	55,065	36,291	155,366	100,548
Operating profit	3,106	6,008	8,946	21,666
Unrealised gain / (loss) on re-measurement of investment at fair value through profit or loss	7,208	4,201	12,022	5,083
Share of profit / (loss) from associates (unrealized)	3,845	9,690	11,363	16,628
	14,159	19,899	32,331	43,377
Modaraba company's management fee	1,416	1,990	3,233	4,338
Profit for the period	12,743	17,909	29,098	39,039
Earnings per certificate - basic and diluted	0.48	0.68	1.10	1.48

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

Director


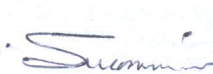
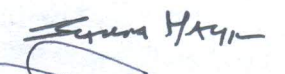
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**First UDL Modaraba**  
**Statement Of Comprehensive Income - (Un-audited)**  
for the quarter & nine months period ended March 31, 2014

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
----- Rupees in '000' -----				
<b>Profit for the period</b>	<b>12,743</b>	17,909	<b>29,098</b>	39,039
<b>Other comprehensive income</b>				
Unrealised (loss) / gain on re-measurement of available for sale investments	<b>26,842</b>	3,386	<b>7,564</b>	11,644
Taxation relating to components of other comprehensive income	-	-	-	-
Other comprehensive income after income tax	<b>26,842</b>	3,386	<b>7,564</b>	11,644
<b>Total comprehensive income</b>	<b>39,585</b>	<b>21,295</b>	<b>36,662</b>	<b>50,683</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.  
For UDL Modaraba Management (Private) Limited  
(Management Company)

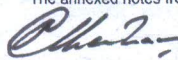


  
Chief Executive                      Director                      Director



**First UDL Modaraba**  
**Cash Flow Statement - (Un-audited)**  
for the nine months period ended March 31, 2014

	March 31, 2014	March 31 2013
	-- Rupees in '000' --	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>29,098</b>	<b>39,039</b>
Adjustment of non cash/non operating items:		
Depreciation on owned assets	13,258	2,144
Amortization of assets leased out	93,256	78,088
Financial charges	14	32
Gain on sale of fixed assets	(571)	(900)
Share of profit from associates	(11,363)	(16,628)
Dividend income	(919)	(742)
Gain on sale of investment	(31,630)	(3,067)
Impairment gain on available for sale investment	(7,564)	(11,644)
Unrealised gain on re-measurement on investments	(12,022)	(5,083)
	<b>42,459</b>	<b>42,200</b>
	<b>71,557</b>	<b>81,239</b>
<b>Changes in working capital:</b>		
<b>(Increase) / decrease in current assets</b>		
Stock-in-trade	(6,318)	(411)
Debtors	(3,880)	-
Ijarah rental receivables	365	(152)
Musharika receivables	9,840	89,493
Financial Assets	(34,410)	(4,957)
Advances, Prepayments and other receivables	(16,594)	21,421
	<b>(50,998)</b>	<b>105,394</b>
<b>Increase / (decrease) in current liabilities</b>		
Current maturity of security deposits	34,779	(1,840)
Payable to management company	(1,370)	(944)
Accrued and other liabilities	(2,682)	14,815
	<b>51,286</b>	<b>198,664</b>
Financial charges paid	(14)	(32)
Profit distributed to certificate holders	(26,386)	(26,386)
	<b>(26,400)</b>	<b>(26,418)</b>
<b>Net cash flows generated from/(used in) operating activities</b>	<b>24,886</b>	<b>172,246</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets - leased out (Net)	(29,456)	(87,810)
Fixed assets - Own (Net)	(24,692)	(6,649)
Capital work in progress	-	(166,805)
Long term investments	(4,311)	(20,412)
Proceeds from sale of assets	46,001	900
Dividends received	919	742
Profit received on bank deposits	4,301	4,226
Proceeds from sale of long term investments	(7,238)	(275,808)
<b>Net cash flows (used in) investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term security deposits	(25,699)	29,754
Net cash flows (used in) / generated from financing activities	(25,699)	29,754
<b>Net change in cash and cash equivalents during the period</b>	<b>(8,051)</b>	<b>(73,808)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>95,852</b>	<b>172,466</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>87,801</b>	<b>98,658</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

 Director

 Director




**First UDL Modaraba**  
**Statement Of Changes In Equity - (Un-audited)**  
for the nine months period ended March 31, 2014


	Issued, subscribed and paid-up certificate capital	* Statutory Reserve	-----Revenue Reserve----- Unrealized (loss)/ Gain on remeasure- ment of available for sale investment	Unappropriated Profit	Certificate holder's equity
	----- Rupees in ('000) -----				
<b>Balance as at July 1, 2012</b>	263,866	193,329	(115)	47,608	504,688
Profit distribution in cash in June 30, 2013	-	-	-	(26,387)	(26,387)
Interim Profit distribution in cash	-	-	-	(26,386)	(26,386)
Total comprehensive income for the period ended June 30, 2013	-	-	57,999	41,546	99,545
Transfer to statutory reserves	-	8,309	-	(8,309)	-
<b>Balance as at June 30, 2013</b>	<u>263,866</u>	<u>201,638</u>	<u>57,884</u>	<u>28,072</u>	<u>551,460</u>
Profit distribution in cash June 30, 2013	-	-	-	(26,386)	(26,386)
Total comprehensive income for the period ended March 31, 2014	-	-	7,564	29,098	36,662
<b>Balance as at March 31, 2014</b>	<u>263,866</u>	<u>201,638</u>	<u>65,448</u>	<u>30,784</u>	<u>561,736</u>

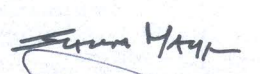
\*The statutory reserve represents profit set-aside as required under Prudential Regulations for Modaraba and is transferred annually at year end.

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

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

  
Chief Executive

  
Director

  
Director





## First UDL Modaraba

### Selected Notes to the Financial Statements - (Un-audited)

for the nine month period ended March 31, 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, K.D.A 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

These financial statements comprise balance sheet, profit and loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes and 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 and staff benefit have been recognised at value determined by the actuary.

#### 3. STATEMENT OF COMPLIANCE

The condensed interim financial information for the nine months period ended March 31, 2014 have been prepared in accordance with the requirements of the 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, 2013.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2013 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2013 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended March 31, 2013 have been extracted from the condensed interim financial information for the six months period ended March 31, 2013.

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



**First UDL Modaraba**  
**Selected Notes to the Financial Statements - (Un-audited)**  
for the nine month period ended March 31, 2014

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, 2013 except for the adoption of new accounting policy for assets held for sale as referred to in note 4.1.

**4.1 ASSETS HELD FOR SALE**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Depreciation is not charged against property, plant and equipment classified as held for sale.

	Note	Un-audited March 31, 2014	Audited June 30, 2013
-- - Rupees in '000' -- -			
<b>5. ACCRUED &amp; OTHER LIABILITIES</b>			
Accrued Liabilities		280	255
Other Liabilities			
Provision for taxation		4,531	4,676
Unclaimed profit distribution		17,555	14,639
WWF		4,298	4,297
Gratuity Payable		-	1,809
Advance against Pharma Sales		992	-
Others		1,798	6,460
		<u>29,454</u>	<u>32,136</u>
<b>6. LONG TERM INVESTMENTS</b>			
Available for sale			
Associated companies	6.1	52,496	54,009
Listed companies	6.2	78,768	72,944
		<u>131,264</u>	<u>126,953</u>



**First UDL Modaraba**  
**Selected Notes to the Financial Statements - (Un-audited)**  
for the nine month period ended March 31, 2014

	Un-audited <b>March 31, 2014</b>	Audited June 30, 2013	Un-audited <b>March 31, 2014</b>	Audited June 30, 2013
	-- No. of shares --	--	-- Rupees '000' --	--

**6.1 Associated companies**

<b>Pharma &amp; Bio Tech</b>				
Searle Pakistan Limited	<b>847,586</b>	940,451	<b>36,756</b>	40,218
<b>Personal Goods</b>				
United Brands Limited	<b>69,060</b>	69,060	<b>2,933</b>	2,952
IBL Healthcare Limited	-	142,883	-	3,078
<b>Chemical</b>				
United Distributors Pakistan Ltd.	<b>426,000</b>	211,500	<b>12,807</b>	7,761
			<u><b>52,496</b></u>	<u>54,009</u>

6.1.1 The latest available financial results of associate as of December 31, 2013 have been used for the purpose of application of equity method

	Un-audited <b>March 31, 2014</b>	Audited June 30, 2013	Un-audited <b>March 31, 2014</b>	Audited June 30, 2013
	-- No. of shares --	--	-- Rupees '000' --	--

**6.2 Listed companies**

<b>Food &amp; personal care products</b>				
Gillette Pakistan Ltd.	<b>175,285</b>	174,285	<b>72,568</b>	67,954
<b>Chemical</b>				
Nimir Industries Chemicals Ltd.	<b>75,000</b>	150,000	<b>2,820</b>	621
<b>Leasing</b>				
Security Leasing Corporation Ltd.	-	858,935	-	2,671
<b>Textile Composite</b>				
International Knitware Ltd.	<b>255,301</b>	240,801	<b>3,380</b>	1,698
			<u><b>78,768</b></u>	<u>72,944</u>

**7. FINANCIAL ASSETS  
- INVESTMENTS**

at fair value through profit or loss	Note		
Associated company	7.1	<b>8,836</b>	2,790
Other listed companies	7.2	<b>53,257</b>	24,893
		<u><b>62,093</b></u>	<u>27,683</u>



**First UDL Modaraba**  
**Selected Notes to the Financial Statements - (Un-audited)**  
for the nine month period ended March 31, 2014

	Un-audited March 31, 2014	Audited June 30, 2013	Un-audited March 31, 2014	Audited June 30, 2013
	--- No. of shares ---		--- Rupees '000' ---	
<b>7.1 Associated companies</b>				
<b>Pharma &amp; Bio Tech</b>				
Searle Pakistan Limited	9,700	-	1,449	-
<b>Personal Goods</b>				
United Brands Limited	500	-	31	-
<b>Chemical</b>				
United Distributors Pakistan Ltd.	360,063	180,000	7,356	2,790
	<u>370,263</u>	<u>180,000</u>	<u>8,836</u>	<u>2,790</u>
<b>7.2 Other listed companies</b>				
<b>Food &amp; personal care products</b>				
Gillette Pakistan Limited	3,000	-	1,242	-
<b>Chemical</b>				
Nimir Industries Chemicals Limited	17,500	-	658	-
<b>Oil &amp; Gas</b>				
Pakistan State Oil	40,000	25,000	17,068	8,009
Attock Refinery Limited	25,000	-	5,522	-
Shell Pakistan Limited	10,000	10,000	2,692	1,432
Pakistan Petroleum Limited	31,500	26,250	7,048	5,554
<b>Modaraba</b>				
First Fidelity Leasing Modaraba	20,630	20,630	71	69
Unicap Modaraba	36,500	36,500	79	5
<b>Chemical</b>				
Arif Habib Corporation Limited	121,000	121,000	3,320	2,681
<b>Construction &amp; Materials</b>				
Maple Leaf Cement Company	100,000	50,000	2,943	1,097
D.G.Khan Cement Company	25,000	-	2,300	-
Pioneer Cement Company	100,000	-	4,669	-
Lafarge Pakistan Cement Ltd	200,000	200,000	2,228	1,698
Attock Cement Company	8,050	20,000	1,140	2,640
<b>Industrial Metals &amp; Mining</b>				
Crescent Steel & Allied Products Ltd	3,025	2,750	147	1 24
<b>Fixed Line Telecommunication</b>				
Worldcall Telecom Ltd	200,000	200,000	504	6 00
<b>Pharma &amp; Bio Tech</b>				
Glaxo Smith Kline	10,000	-	1,626	-
Abbot Laboratories Pakistan Ltd	-	3,000	-	9 84
	<u>951,205</u>	<u>715,130</u>	<u>53,257</u>	<u>24,893</u>

The nominal value of all shares & certificates is Rs. 10 each.



**First UDL Modaraba**  
**Selected Notes to the Financial Statements - (Un-audited)**  
for the nine month period ended March 31, 2014

**8. 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, 2013.

**9. DATE OF AUTHORIZATION FOR ISSUE**

The condensed interim financial information were approved and authorized for issue on April 24, 2014 by the Board of Directors of the Modaraba company.

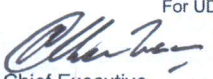
**10. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

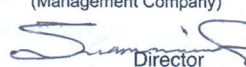
The Board of Directors have proposed interim dividend for the nine months period ended March 31, 2014 of Rs.0.50 per certificate (March 31, 2013: Rs. 1.00), amounting to Rs. 13,193,295 (March 31, 2013: Rs. 26,386,589) at their meeting held on April 24, 2014. The financial statements for the nine months period ended March 31, 2014 do not include the effect of the above which will be accounted for in the period in which it is declared.

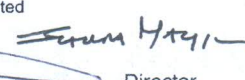
**11. GENERAL**

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

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

 Chief Executive

 Director

 Director



Book Post

Umair.Rishi@udlmodaraba.com  
Aamir.Hussain@udlmodaraba.com



**First UDL Modaraba**

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E-mail: info@udlmodaraba.com Web: www.udlmodaraba.com