

The logo for Allied Rental, featuring the word "ALLIED" in white on a red background, "CAT" in white on a black background, and "Rental" in black on a yellow background.

ALLIED CAT Rental

## Allied Rental Modaraba

Managed by: Allied Engineering  
Management Company (Private) Limited

Half Yearly Report December 2017

# Partnerships at work

A close-up photograph of a person's hands using a blue and orange climbing carabiner to secure a colorful braided rope. The background is a blurred, light-colored rock face, suggesting a climbing or construction site.

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# Modaraba Information

## Board of Directors

Mr. Khwaja Asif Rahman  
Chairman

Mr. Murtaza Ahmed Ali  
Chief Executive

Syed Feisal Ali  
Non - Executive Director

Mr. Raees A. Khan  
Non - Executive Director

Mr. Ali Akbar  
Non - Executive Director

Mr. Hassan Shehzad Abidi  
Non - Executive Director

Mr. Abdul Rahim Suriya (Independent)  
Non - Executive Director

## Audit Committee

Mr. Abdul Rahim Suriya (Independent)  
Chairman

Syed Feisal Ali  
Member

Mr. Ali Akbar  
Member

## Chief Financial Officer

Mr. Naveed Shaheen

## Company Secretary

Mr. Muhammad Saad

## Head of Internal Audit and Secretary to Audit Committee

Mr. Abid Altaf

## Human Resource and Remuneration Committee

Mr. Khwaja Asif Rahman  
Chairman

Syed Feisal Ali  
Member

Mr. Murtaza Ahmed Ali  
Member

Mr. Abdul Rahim Suriya (Independent)  
Member

## Strategic Management

Syed Zulqarnain Jafri  
Business Unit Head - Power

Mr. Ali Ahsan  
Business Unit Head - Logistics & MHE

Mr. Rashid Jehangiri  
Business Unit Head - Machines and Cranes

Mr. Ali Ammar  
Business Administrator

Mr. Muhammad Azeem Siddiqui  
Head of Human Resource and Administration

Mr. Muhammad Farooq  
Head of Information Technology

## Islamic Banks, Islamic Window of Commercial Banks & Lending Institutions

Habib Bank Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Bank Limited

United Bank Limited

Orix Modaraba

First Habib Modaraba

Meezan Bank Limited

Burj Bank Limited

## Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

## Credit Rating Appraiser

JCR - VIS Credit Rating Company Limited

## Shari'ah Advisor

Mufti Irshad Ahmad Aijaz

## Legal Advisor

Mr. Khalil Ahmed Siddiqui, Advocate

## Registered & Head office

21/3 Sector 22, Korangi Industrial Area,  
Karachi - 74900 UAN; (021) 111-250-250

Website: [www.arm.com.pk](http://www.arm.com.pk)

## Registrar & Certificate Transfer Office

JWAFFS Registrar Services (Private) Limited  
407-408, Al-Ameera Centre,  
Shahrah-e-Iraq, Saddar, Karachi.

Tel: 021-35662023-24

Fax: 021-35221192

# Directors' Report

For the period ended December 31, 2017

The Board of Directors of Allied Engineering Management Company (Pvt.) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with Unaudited Financial Statements of the Modaraba for the half year ended December 31, 2017.

## Financial Highlights

	Rs in '000
Investment in Ijarah assets	6,586,811
Total Revenue	1,782,591
Net profit for the period	243,607
Net profit margin	13.66%
Return on equity	5.19%
Current Ratio	1.03:1
Earning per certificate	Rs. 1.37
Break-up value per certificate	Rs. 26.98

## Review of Operations

We are pleased to report that Modaraba registered Sales Growth of 19% from Rs 1,499 million to Rs 1,783 million as compared to corresponding period last year. Accordingly, the net profits for the period also increased by 21% to Rs. 244 million as compared to Rs. 201 million for the corresponding period last year.

Sales from our Machines & Cranes segment more than doubled to Rs 263 million as against Rs 128 million during the corresponding period, as new Construction Equipments, Machines and Cranes are being inducted in the Rental Fleet. Improved performance in this segment is expected to continue in the future as we continue to invest in Machines and Cranes to cater for the increased demand from the Machine Rental market for CPEC Projects. Sales in the Power Generation segment also improved significantly during the period with an increase of 12% from the corresponding period last year, with Gas and Deisel Mega Watt Segments being the principal contributors. In the Large Diesel Generator segment, the improvement continued during the period due to agreements signed for their long term deployment with our customers. With the availability of LNG, we see renewed growth momentum for Long term Gas Engine Rental deals, especially for fuel efficient engines. With better demand levels from Cement and real estate sectors, our deployment levels of both our higher capacity diesel engines and gas engine rentals remained at satisfactorily levels during the period.

Inbound and out bound Logistics sales also increased by 10.5% to Rs. 611 Million against corresponding period sales of Rs 554 Million; mainly on account of shift of business to better price realization contracts. We see further strong growth prospects, both in term of development of this segment in the country vis-à-vis its potential with specific reference to CPEC.

Operating costs have increased by Rs 200 Million which works out to 18% increase, mainly due to Salaries and Wages, which increased by Rs 96 Million to Rs.394 million as compared to 298 million in corresponding period last year, the main reason behind this increase is the increase in rental assets portfolio of the Modaraba rising to almost 1500 equipments in the fleet. Fleet vehicle running costs have also increased from Rs 167 Million in the corresponding period to Rs 233 Million, such increase is attributable to higher revenues and new investment in our Logistics and MHE segment. Depreciation for the period also increased by 17% to Rs 448 Million as compared to Rs 382 Million of corresponding period last year due to new investment made in Machines and Crane segment and logistics segment. Ijarah rentals significantly declined to Rs 10 Million from Rs 52 Million of corresponding period last year due to maturity of our long term Ijarah contracts.

Administrative and distribution expenses increased by Rs.11 Million to Rs. 92 Million (2016: Rs. 81 Million) which is in line with inflation and putting resources in place to handle diversified business portfolio and increased business volume.

Provision against potential Ijarah losses and operation and maintenance income increased significantly and stood at Rs 31 Million being in compliance with the Prudential Regulations for the Modaraba's, whereas finance costs went up by Rs 43 Million due to increase in overall borrowings.

## Future Prospects

Modaraba, with its current strength in the market, is ideally placed in the era of high economic growth to reap the benefits of diversification by investing in Construction Equipment, Machines and Logistics segment. We are aware of the Machine rental demand levels generated by both local and Chinese contractors, construction companies including government entities, who are approaching Modaraba for both their short and long term rental requirements. The Management is aware of the challenges of this growth and is geared to meet the requirements of the business, requiring both investment and Capital formation, but side by side develop its HR resources for successful operation and maintenance of these units as O&M is an essential part of our Ijarah Rental contract.

This EARLY MOVER ADVANTAGE window is available due to higher than usual investment on Infrastructure Projects under CPEC; truly a game changer for the economy of the country. The Management is continuously expanding its rental fleet and have placed orders for both new and used Excavators, Compactors, Motor Graders and other construction equipment from Caterpillar and new Cranes from Sany. Modaraba changed the Rental model of the Crane industry by inducting NEW SANY Cranes, meeting better safety and compliance standards than the old and used cranes considered the norm of the market.

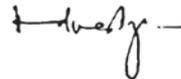
Modaraba is also continuously tapping new rental agreements for the transportation business with leading FMCG and Oil Field Services companies to deploy its Rental assets to more profitable sectors of the business. Modaraba has to continuously develop its Human Resource to cater for the new requirements of the business. Though Pakistan has large population, but we are extremely short in technical semi skilled and skilled workforce and as their demand picks up in the market, we see continuous and strenuous efforts on the part of the Modaraba to retain them. We expect the wage element to go up as the market wage rate for these workers climb due to increased demand levels. This is one of the major challenges presently faced by the Modaraba to judiciously increase the wage rate and retain the workforce.

The Management is upbeat on the CPEC development and tremendous opportunities it has to date generated for the Modaraba, but will also remain cautious, prudent and selective for its investment on the Rental Power segment. We always strive to keep special emphasis on customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

## Acknowledgement

The Board wishes to place on record its sincere gratitude to the Registrar Modaraba, Religious Board, financial institutions and its financing partners for their continued support and guidance; and its customers for their continued patronage and business.

On Behalf on the Board



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**Murtaza Ahmed Ali**  
Chief Executive

February 22, 2018



KPMG Taseer Hadi & Co.  
Chartered Accountants

# Auditors' Report to the Certificate holders on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Allied Rental Modaraba ("the Modaraba") as at 31 December 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). The Modaraba Management Company [Allied Engineering Management Company (Private) Limited] is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: February 23, 2018

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Amyr Pirani

# Condensed Interim Balance Sheet (Unaudited)

As at 31 December 2017

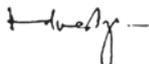
	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	6	244,750,205	307,439,392
Ijarah rentals receivable	7	1,231,424,408	987,904,537
Operation and maintenance income receivable	8	42,635,009	29,676,680
Advances, deposits, prepayments and other receivables	9	351,191,496	268,981,882
Spare parts		125,863,062	72,886,796
		1,995,864,180	1,666,889,287
<b>Non-current assets</b>			
Long term security deposits		50,000	50,000
Diminishing musharaka financing - secured	10	3,762,156	6,769,730
Fixed assets in own use - tangible	11	135,226,913	104,982,296
Intangible asset for own use	12	6,800,595	7,452,828
Ijarah assets	13	6,586,810,596	6,059,664,727
Capital work-in-progress	14	183,060,920	515,143,800
		6,915,711,180	6,694,063,381
<b>Total assets</b>		8,911,575,360	8,360,952,668
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	15	710,587,003	590,480,743
Bai Muajjal - secured	16	199,835,414	99,694,340
Payable to the Modaraba Management Company	17	16,399,394	13,982,571
Current maturity of diminishing musharaka financing payable - secured	18	973,088,952	794,791,146
Current portion of security deposits		47,123,000	34,423,000
		1,947,033,763	1,533,371,800
<b>Non-current liabilities</b>			
Diminishing musharaka financing payable - secured	18	2,109,500,888	2,043,013,353
Deferred liability for staff gratuity		58,025,491	52,067,969
Other long-term employee benefit		15,798,120	15,973,327
Security deposits		46,685,000	57,935,000
		2,230,009,499	2,168,989,649
<b>Total liabilities</b>		4,177,043,262	3,702,361,449
<b>NET ASSETS</b>		4,734,532,098	4,658,591,219
<b>FINANCED BY: CAPITAL AND RESERVES</b>			
Authorized certificate capital			
225,000,000 (30 June 2017: 225,000,000)			
Modaraba certificates of Rs. 10 each		2,250,000,000	2,250,000,000
Issued, subscribed and paid-up certificate capital			
175,500,000 (30 June 2017: 175,500,000)			
Modaraba certificates of Rs. 10 each		1,755,000,000	1,755,000,000
Premium on issue of certificates		1,133,212,500	1,133,212,500
Statutory reserve		1,524,028,664	1,463,126,925
Advance against subscription of right certificates	29	96,069,975	-
Unappropriated profit		226,220,959	307,251,794
		4,734,532,098	4,658,591,219
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

**For Allied Engineering Management Company (Private) Limited**  
(Management Company)



**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

## Condensed Interim Profit and Loss Account (Unaudited)

For the six months & three months period ended 31 December 2017

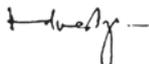
	Note	Six months period ended		Three months period ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
(Rupees)					
Ijarah rentals - net	20	1,721,610,731	1,442,795,423	932,676,237	788,812,248
Operation and maintenance income - net	21	60,980,239	56,095,905	29,766,769	29,285,803
		1,782,590,970	1,498,891,328	962,443,006	818,098,051
Operation, maintenance and ijarah related expenses	22	(1,303,503,144)	(1,103,020,098)	(699,840,298)	(586,679,441)
<b>Gross profit</b>		479,087,826	395,871,230	262,602,708	231,418,610
Administrative and distribution expenses	23	(91,862,356)	(80,576,190)	(47,776,592)	(48,081,535)
Provision against potential Ijarah losses and operation and maintenance income	7 & 8	(30,561,279)	(41,990,970)	(30,561,279)	(41,990,970)
Finance cost	24	(116,381,287)	(73,511,227)	(60,266,069)	(38,445,214)
Other income	25	8,324,052 (230,480,870)	3,593,778 (192,484,609)	2,462,740 (136,141,200)	11,401,459 (117,116,260)
		248,606,956	203,386,621	126,461,508	114,302,350
Modaraba Management Company's remuneration	17.1	(5,000,000)	(2,033,866)	(5,000,000)	(2,033,866)
<b>Profit for the period before taxation</b>		243,606,956	201,352,755	121,461,508	112,268,484
Taxation	28	-	-	-	-
<b>Profit for the period</b>		243,606,956	201,352,755	121,461,508	112,268,484
<b>Earnings per certificate - basic and diluted</b>		1.37	1.14	0.68	0.63

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

### For Allied Engineering Management Company (Private) Limited (Management Company)



**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months & three months period ended 31 December 2017

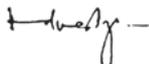
	Six months period ended		Three months period ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees)			
Profit for the period after taxation	243,606,956	201,352,755	121,461,508	112,268,484
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>243,606,956</u>	<u>201,352,755</u>	<u>121,461,508</u>	<u>112,268,484</u>

The annexed notes from 1 to 33 form an integral part of these condensed interim financial information.

## For Allied Engineering Management Company (Private) Limited (Management Company)



**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

# Condensed Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2017

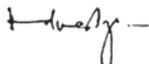
	<b>Six months period ended</b>	
	<b>Dec 31, 2017</b>	<b>Dec 31, 2016</b>
	<b>(Rupees)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	243,606,956	201,352,755
<i>Adjustments for</i>		
Depreciation	455,416,410	388,831,132
Amortization	955,779	477,890
Provision against potential Ijarah losses and operation and maintenance income	30,561,279	41,990,970
Provision for deferred liabilities - gratuity	6,103,097	4,888,016
Financial charges including bank charges	112,853,880	71,637,975
Loss on disposal of Ijarah assets	509,593	11,587,963
Loss on disposal of fixed assets in own use	929,889	(411,450)
	<u>607,329,927</u>	<u>519,002,496</u>
	850,936,883	720,355,251
<i>(Increase) / decrease in assets</i>		
Ijarah rentals receivable	(274,081,150)	(124,048,719)
Operation and maintenance income receivable	(12,958,329)	(38,069,910)
Advances, deposits, prepayments and other receivable	(82,209,614)	(63,351,539)
Spare parts	(52,976,266)	(6,044,544)
Long-term security deposit	-	25,388,002
Diminishing musharaka financing	3,007,574	(3,989,600)
	<u>(419,217,785)</u>	<u>(210,116,310)</u>
<i>Increase in operating liabilities</i>		
Creditors, accrued and other liabilities	120,106,260	180,320,709
Payable to the Modaraba Management Company	2,416,823	(5,851,607)
Security deposits	1,450,000	-
	<u>123,973,083</u>	<u>174,469,102</u>
	555,692,181	684,708,043
Gratuity paid	(145,575)	(141,399)
Compensated absences paid	(175,207)	(461,268)
Financial charges paid	(132,757,512)	(60,442,501)
	<u>(133,078,294)</u>	<u>(61,045,168)</u>
	422,613,887	623,662,875
<b>Net cash flows from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(669,682,454)	(686,232,030)
Proceeds from disposal of Ijarah assets	900,003	56,588,014
Proceeds from disposal of fixed assets in own use	1,762,341	1,655,500
<b>Net cash flows from investing activities</b>	<u>(667,020,110)</u>	<u>(627,988,516)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution to the certificate holders	(262,830,410)	(176,009,065)
Advance against subscription of Right certificates	96,069,975	-
Diminishing musharaka financing availed	710,799,933	675,313,385
Expenses against issuance of right certificates	(486,052)	-
Bai Muajjal financing availed	199,835,414	99,690,149
Repayment of diminishing musharaka financing	(461,977,484)	(461,343,674)
Repayment of Bai Muajjal facility	(99,694,340)	(99,714,147)
<b>Net cash flows from financing activities</b>	<u>181,717,036</u>	<u>37,936,648</u>
Net increase in cash and cash equivalents	(62,689,187)	33,611,007
Cash and cash equivalents at the beginning of the period	307,439,392	57,352,972
Cash and cash equivalents at the end of the period	<u>244,750,205</u>	<u>90,963,979</u>

The annexed notes from 1 to 33 form an integral part of these condensed interim financial information.

**For Allied Engineering Management Company (Private) Limited**  
(Management Company)



**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months period ended December 31, 2017

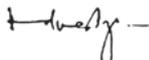
	Issued, subscribed and paid up certificate capital	Advance against subscription of right certificates (Note 29)	Premium on issue of certificates	Statutory Reserve	Unappropriated profit	Total
	(Rupees)					
Balance as on 1 July 2016	1,755,000,000	-	1,133,212,500	1,282,359,552	211,600,734	4,382,172,786
Total comprehensive income for the six months period ended 31 December 2016	-	-	-	-	201,352,755	201,352,755
Transfer to statutory reserve (at 25% of the profit for the period)	-	-	-	50,338,189	(50,338,189)	-
<b>Transaction with owners - recorded directly in equity</b>						
Profit distribution for the year ended 30 June 2016 @ Rs. 2.00 per certificate declared subsequent to the year end	-	-	-	-	(175,500,000)	(175,500,000)
Balance as on 31 December 2016	1,755,000,000	-	1,133,212,500	1,332,697,741	187,115,300	4,408,025,541
Balance as on 1 July 2017	1,755,000,000	-	1,133,212,500	1,463,126,925	307,251,794	4,658,591,219
Total comprehensive income for the six months period ended 31 December 2017	-	-	-	-	243,606,956	243,606,956
Transfer to statutory reserve (at 25% of the profit for the period)	-	-	-	60,901,739	(60,901,739)	-
<b>Transaction with owners - recorded directly in equity</b>						
Advance against subscription of right certificates	29	- 96,069,975	-	-	-	96,069,975
Expenses against issuance of right certificates	-	-	-	-	(486,052)	(486,052)
Profit distribution for the year ended 30 June 2017 @ Rs. 1.5 per certificate declared subsequent to the year end	-	-	-	-	(263,250,000)	(263,250,000)
<b>Balance as at 31 December 2017</b>	<b>1,755,000,000</b>	<b>96,069,975</b>	<b>1,133,212,500</b>	<b>1,524,028,664</b>	<b>226,220,959</b>	<b>4,734,532,098</b>

The annexed notes from 1 to 33 form an integral part of these condensed interim financial information.

**For Allied Engineering Management Company (Private) Limited**  
(Management Company)



**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

# Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended 31 December 2017

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Allied Rental Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Allied Engineering Management Company (Private) Limited (the 'Modaraba Management Company'), which is a wholly owned subsidiary of Allied Engineering and Services (Private) Limited. The Modaraba Management Company is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is registered with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The Securities and Exchange Commission of Pakistan (the 'SECP'), vide its certificate No. SC/M/RW/ARM/2006-166 dated 10 May 2006, authorized Allied Engineering Management Company (Private) Limited to float Allied Rental Modaraba (the Modaraba). The Modaraba commenced its operations on 10 January 2007.

The Modaraba is a perpetual Modaraba and is primarily engaged in rental / Ijarah and operation and maintenance of Caterpillar and other equipments (i.e. generators, forklifts, compactors, etc.). The registered office of the Modaraba is located at 21/3, Sector 22, Korangi Industrial Area, Karachi. The Modaraba is listed on the Pakistan Stock Exchange Limited.

- 1.2** Effective from 10 January 2007, the Modaraba took over the rental business transactions and the related equipments of Allied Rental Services (Private) Limited (ARSL - an associated undertaking).

The assets and liabilities acquired by the Modaraba comprise of certain fixed assets and the related lease liabilities. These were taken over under a prospectus floated by the Modaraba and approved by the SECP.

- 1.3** The JCR-VIS Credit Rating Company Limited has assigned long term A+ rating and short term A+ rating to the Modaraba.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial information of the Modaraba for the six months period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Report" and provisions of and directives issued under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standard (IFASs), Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, and Prudential Regulations for Modarabas. In case the requirements differ the provisions of or directives issued under the repealed Companies Ordinance, 1984, IFASs, Modaraba Companies and Modarabas (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

- 2.1.1** Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017.
- 2.2** These condensed interim financial information do not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended 30 June 2017.
- 2.3** These condensed interim financial information comprise of the balance sheet as at 31 December 2017 and profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the six months period ended 31 December 2017 which have been subjected to a review but not audited.

**2.4** The comparative balance sheet presented in these condensed interim financial information as at 31 December 2017 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2017, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the six months period ended 31 December 2016 have been extracted from the unaudited condensed interim financial information for the period then ended.

**2.5 Functional and presentation currency**

These condensed interim financial information are presented in Pakistani Rupees which is also the Modaraba's functional currency and all financial information presented has been rounded off to the nearest Rupee, unless otherwise stated.

**3. ACCOUNTING POLICIES**

**3.1** The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended 30 June 2017.

**3.2** Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

**3.2.1** Certain new amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after 01 July 2017 but are considered not to be relevant or to have any significant effect on this unconsolidated condensed interim financial information.

**3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 - Share-based Payment - (Amendments)	01 January 2018
IAS 28 - Investments in associates and joint ventures - (Amendments)	01 January 2019
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

The Company expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures.

The following new standards have been issued by the IASB and have been notified by the SECP for application in Pakistan:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 15 - Revenue from contracts with customers check	01 July 2018
IFRS 9 - Financial Instruments: Classification and Measurement	01 July 2018

The Company is currently in the process of analyzing the potential impact of changes in policies on adoption of the above standards.

The Companies Act, 2017 applicable for the period beginning 01 January 2018 requires additional disclosures. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 - 'Property, Plant and Equipment'. Accordingly, surplus on revaluation of fixed assets will be part of equity.

#### 4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation and uncertainty those are the same as those that applied to the financial statements as at and for the year ended 30 June 2017.

#### 5. FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and polices are consistent with those disclosed in the audited financial statements as at and for the year ended 30 June 2017.

#### 6. CASH AND BANK BALANCES

	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
Balances with banks in:			
- current accounts		18,386,932	88,625,767
- deposit accounts	6.1	208,737,291	217,836,263
		<u>227,124,223</u>	<u>306,462,030</u>
Cash in hand		17,625,982	977,362
		<u>244,750,205</u>	<u>307,439,392</u>

- 6.1 These balances carry profit at rates ranging from 3.86% to 4.34% per annum (30 June 2017: 3.86% to 4.34% per annum).

#### 7. IJARAH RENTALS RECEIVABLE

	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
Considered good		1,231,424,408	987,904,537
Considered doubtful	7.1	110,059,028	77,611,579
		<u>1,341,483,436</u>	<u>1,065,516,116</u>
Provision against potential Ijarah losses	7.1 & 7.2	<u>(110,059,028)</u>	<u>(77,611,579)</u>
		<u>1,231,424,408</u>	<u>987,904,537</u>

- 7.1 In accordance with the prudential regulations for the Modaraba issued by the Securities and Exchange Commission of Pakistan, the Modaraba has availed the benefit of cash deposit collaterals held by the Modaraba in respect of its non-performing portfolio. Such collaterals held as at 31 December 2017 amounted to Rs. 93.808 million (30 June 2017: Rs. 92.358 million). Due to the consideration of this benefit available with the Modaraba, profit for the six month period ended 31 December 2017 and the balance of provision against the potential Ijarah losses as of the period end is respectively higher and lower by Rs. 17.16 million.

7.2 Provision against potential ijarah losses	Note	Unaudited	Audited
		Dec 31, 2017	Jun 30, 2017
(Rupees)			
Opening balance		77,611,579	37,691,325
Charge for the period / year		32,447,449	56,202,793
Written off during the period / year		-	(16,282,539)
Closing balance		<u>110,059,028</u>	<u>77,611,579</u>

## 8. OPERATION AND MAINTENANCE INCOME RECEIVABLE

Considered good		42,635,009	29,676,680
Considered doubtful (classified portfolio)		<u>4,924,999</u>	<u>6,811,169</u>
		47,560,008	36,487,849
Provision against operation and maintenance income receivable	8.1	<u>(4,924,999)</u>	<u>(6,811,169)</u>
		<u>42,635,009</u>	<u>29,676,680</u>

## 8.1 Provision against operation & maintenance income receivable

Opening balance		6,811,169	1,282,805
Charge during the period / year		-	6,550,014
Reversal during the period / year		(1,886,170)	-
Written off during the period / year		-	(1,021,650)
Closing balance		<u>4,924,999</u>	<u>6,811,169</u>

## 9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Income tax recoverable	9.1	191,667,859	136,015,561
Federal Excise Duty (FED) receivable	19.1.1.2	50,000,000	50,000,000
Sindh sales tax refundable		-	-
Punjab sales tax refundable		37,334,867	-
Advances (unsecured) :			
- to contractors		1,682,772	1,682,772
- to suppliers		33,553,445	17,076,281
- to employees against salary		8,452,620	4,815,327
- to employees for expenses		1,910,935	6,521,034
Security deposits	9.3	24,941,669	41,299,030
Ijarah rentals paid in advance		-	9,449,334
Diminishing musharaka rental paid in advance		311,877	-
Prepaid rent and insurance		242,869	1,200,000
Accrued income on profit or loss sharing bank accounts		495,395	845,072
Accrued income on Diminishing Musharaka financing		9,114	12,273
Insurance claim receivable		588,074	62,976
Others		-	2,222
		<u>351,191,496</u>	<u>268,981,882</u>

- 9.1** This includes tax collected at source at import stage by the collector of customs of Rs 93.186 million and tax deducted of Rs. 86.386 million from various payments made to Modaraba.

As explained in note 28, the income of the Modaraba is exempt from tax under clause 100 of the Second Schedule of Income Tax Ordinance, 2001. However, withholding of taxes under sections 153 (1)(b), 148 and other sections of the Income Tax Ordinance, 2001 have been made by the withholding agents. Up to 30 June 2017, the Modaraba had availed exemption from withholding of such taxes by obtaining the tax exemption certificates from the taxation authorities. However, since 01 July 2017 the exemption was not renewed by Commissioner Inland Revenue Large Tax Payer Unit (LTU-II) and further appeal to the Chief Commissioner LTU-II was also not accepted.

The Modaraba is of the view that since its total income is exempt from income tax by virtue of compliance of clause 100 of the Second Schedule, exemption certificate under sections 153 (1)(b), 148 be at least granted by Federal Board of Revenue as the Modaraba has always complied with the requirement of the clause 100 of the Second Schedule.

However, after the orders passed by CIR and Chief Commissioner of turning down the exemption request under section 148 of the Modaraba, management has filed the constitutional petition in the Honorable Sindh High Court against the said orders which is pending hearing. The Modaraba further intends to file another petition for non-granting of exemption certificate under section 153 (1)(b) separately.

- 9.2** This includes Rs. 11.91 million (30 June 2017: Rs. 12.419 million) held by Banks as security for the guarantee of the same amount given by them on behalf of the Modaraba to its suppliers / customers.

## 10. DIMINISHING MUSHARAKA - secured

Auto finance (motor bikes)

<b>Unaudited Dec 31, 2017</b>	<b>Audited Jun 30, 2017</b>
<b>(Rupees)</b>	
<u>3,762,156</u>	<u>6,769,730</u>

The above facility is secured against a demand promissory note of Rs. 8.97 million in favour of the Modaraba. The balance carries a profit rate at 15 % per annum and is payable by 27 November 2018.

## 11. FIXED ASSETS IN OWN USE - tangible

Fixed assets in own use - tangible  
(at cost less accumulated depreciation)

Capital work-in-progress

<b>Note</b>	<b>Unaudited Dec 31, 2017</b>	<b>Audited Jun 30, 2017</b>
<b>(Rupees)</b>		
11.1	<u>111,609,343</u>	<u>83,156,510</u>
11.2	<u>23,617,570</u>	<u>21,825,786</u>
	<u>135,226,913</u>	<u>104,982,296</u>

**11.1 FIXED ASSETS IN OWN USE - tangible**
**31 December 2017 (Unaudited)**

	Furniture and Fixtures	Office equipment	Vehicles	Total
(Rupees)				
<b>At 01 July 2017</b>				
Cost	8,681,450	13,556,102	101,006,401	123,243,953
Accumulated depreciation	(1,869,910)	(7,643,387)	(30,574,146)	(40,087,443)
<b>Net book value</b>	<u>6,811,540</u>	<u>5,912,715</u>	<u>70,432,255</u>	<u>83,156,510</u>
Additions	973,900	1,018,445	36,078,916	38,071,261
<b>Disposals</b>				
Cost	-	-	(4,305,475)	(4,305,475)
Accumulated depreciation	-	-	1,616,245	1,616,245
	-	-	(2,689,230)	(2,689,230)
Depreciation charge for the period	(435,810)	(875,379)	(5,618,009)	(6,929,198)
<b>Closing net book value</b>	<u>7,349,630</u>	<u>6,055,781</u>	<u>98,203,932</u>	<u>111,609,343</u>
<b>At 31 December 2017</b>				
Cost	9,655,350	14,574,547	132,779,842	157,009,739
Accumulated depreciation	(2,305,720)	(8,518,766)	(34,575,910)	(45,400,396)
<b>Net book value</b>	<u>7,349,630</u>	<u>6,055,781</u>	<u>98,203,932</u>	<u>111,609,343</u>
<b>Life (years)</b>	<u>8</u>	<u>3 to 8</u>	<u>8</u>	

**30 June 2017 (Audited)**

	Furniture and Fixtures	Office equipment	Vehicles	Total
(Rupees)				
<b>At 01 July 2016</b>				
Cost	6,843,150	10,886,446	104,966,567	122,696,163
Accumulated depreciation	(1,157,173)	(5,941,063)	(25,773,553)	(32,871,789)
<b>Net book value</b>	<u>5,685,977</u>	<u>4,945,383</u>	<u>79,193,014</u>	<u>89,824,374</u>
Additions	1,838,304	2,691,652	8,433,620	12,963,576
<b>Disposals</b>				
Cost	-	(22,000)	(12,393,786)	(12,415,786)
Accumulated depreciation	-	3,911	5,197,937	5,201,848
	-	(18,089)	(7,195,849)	(7,213,938)
Depreciation charge for the year	(712,741)	(1,706,231)	(9,998,530)	(12,417,502)
<b>Closing net book value</b>	<u>6,811,540</u>	<u>5,912,715</u>	<u>70,432,255</u>	<u>83,156,510</u>
<b>At 30 June 2017</b>				
Cost	8,681,450	13,556,102	101,006,401	123,243,953
Accumulated depreciation	(1,869,910)	(7,643,387)	(30,574,146)	(40,087,443)
<b>Net book value</b>	<u>6,811,540</u>	<u>5,912,715</u>	<u>70,432,255</u>	<u>83,156,510</u>
<b>Life (years)</b>	<u>8</u>	<u>3 to 8</u>	<u>8</u>	

**11.2** This represents the advance paid for the purchase of vehicles for own use.

		<b>Unaudited Dec 31, 2017</b>	<b>Audited Jun 30, 2017</b>
		<b>(Rupees)</b>	
<b>12. INTANGIBLE ASSET FOR OWN USE</b>			
Intangible asset for own use (at cost less amortization) - software	12.1	5,256,789	6,212,568
Capital work-in-progress (advance to the supplier for the software)		1,543,806	1,240,260
		<u>6,800,595</u>	<u>7,452,828</u>
<b>12.1 At 01 July</b>			
Cost		7,646,238	7,646,238
Accumulated depreciation		(1,433,670)	-
Net book value		<u>6,212,568</u>	<u>7,646,238</u>
Amortization during the period / year	23	<u>(955,779)</u>	<u>(1,433,670)</u>
Carrying value as at the period-end / year-end		<u>5,256,789</u>	<u>6,212,568</u>
Life over which cost of the asset is amortized		<u>4 years</u>	<u>4 years</u>

### 13. IJARAH ASSETS

Ijarah assets (at cost less accumulated depreciation)	13.1	<u>6,586,810,596</u>	<u>6,059,664,727</u>
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#### 31 December 2017 (Unaudited)

<b>13.1 Ijarah assets - at cost less accumulated depreciation</b>	<b>Generators, material handling / transportation vehicles and related equipments</b>	<b>Machines</b>	<b>Total</b>
<b>(Rupees)</b>			
<b>At 01 July 2017</b>			
Cost	8,571,584,642	817,980,227	9,389,564,869
Accumulated depreciation	(3,236,248,485)	(93,651,657)	(3,329,900,142)
<b>Net book value</b>	<u>5,335,336,157</u>	<u>724,328,570</u>	<u>6,059,664,727</u>
Additions	810,714,554	166,331,123	977,045,677
<b>Disposals</b>			
Cost	(72,390,608)	-	(72,390,608)
Accumulated depreciation	70,978,012	-	70,978,012
	<u>(1,412,596)</u>	-	<u>(1,412,596)</u>
Depreciation charge for the period	(414,268,216)	(34,218,996)	(448,487,212)
<b>Closing net book value</b>	<u>5,730,369,899</u>	<u>856,440,697</u>	<u>6,586,810,596</u>
<b>At 31 December 2017</b>			
Cost	9,309,908,588	984,311,350	10,294,219,938
Accumulated depreciation	(3,579,538,689)	(127,870,653)	(3,707,409,342)
<b>Net book value</b>	<u>5,730,369,899</u>	<u>856,440,697</u>	<u>6,586,810,596</u>
<b>Life (Years)</b>	<u>1 to 12</u>	<u>7 to 10</u>	

**30 June 2017 (Audited)**

	Generators, material handling / transportation vehicles and related equipments	Machines	Total
<b>At 01 July 2016</b>	(Rupees)		
Cost	8,147,104,314	363,400,318	8,510,504,632
Accumulated depreciation	(2,724,722,965)	(59,582,490)	(2,784,305,455)
<b>Net book value</b>	<u>5,422,381,349</u>	<u>303,817,828</u>	<u>5,726,199,177</u>
Additions	824,976,605	470,831,471	1,295,808,076
<b>Disposals</b>			
Cost	(400,496,27	(16,251,562)	(416,747,839)
Accumulated depreciation	234,648,840	5,920,269	240,569,109
	(165,847,437)	(10,331,293)	(176,178,730)
Depreciation charge for the year	(746,174,360)	(39,989,436)	(786,163,796)
<b>Closing net book value</b>	<u>5,335,336,157</u>	<u>724,328,570</u>	<u>6,059,664,727</u>
<b>At 30 June 2017</b>			
Cost	8,571,584,642	817,980,227	9,389,564,869
Accumulated depreciation	(3,236,248,485)	(93,651,657)	(3,329,900,142)
<b>Net book value</b>	<u>5,335,336,157</u>	<u>724,328,570</u>	<u>6,059,664,727</u>
<b>Life (Years)</b>	<u>1 to 12</u>	<u>7 to 10</u>	

**13.2** During the period, the Modaraba acquired certain equipments and parts amounting to Rs. 197.84 million (30 June 2017: Rs. 103.285 million) from Allied Engineering and Services (Private) Limited (AESL), an associated company.

**13.3** Additions to Ijarah assets during the period include assets amounting to Rs. 659.985 million (30 June 2017: Rs. 1,033.78 million) acquired under Diminishing Musharaka financing. The Modaraba holds title to these assets.

<b>Unaudited Dec 31, 2017</b>	<b>Audited Jun 30, 2017</b>
(Rupees)	

**14. CAPITAL WORK-IN-PROGRESS - Ijarah assets**

Generators under installation	132,367,704	355,888,320
Advance for purchase of equipments and trucks	50,693,216	159,255,480
	<u>183,060,920</u>	<u>515,143,800</u>

	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
<b>15. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors for goods	15.1	443,528,659	343,023,185
Creditors for expenses		88,000,832	54,855,954
Advances from customers		68,620,276	60,419,272
Security deposit		315,300	200,000
Employee car scheme - deductions	15.2	22,443,905	18,604,636
Dividend payable		1,132,477	712,887
Accrued expenses			
- Accrued commission		3,007,260	3,938,254
- Accrued staff bonus		41,908,407	23,765,097
- Auditor's remuneration		600,000	662,157
- Accrued financial charges	15.3	33,411,559	53,664,869
- Miscellaneous		-	49,814
		78,927,226	82,080,191
Tax deduction at source from			
- employees		1,823,125	476,630
- suppliers		1,101,664	1,958,850
Sindh sales tax		4,693,539	21,551,639
Punjab sales tax		-	6,597,499
		<u>710,587,003</u>	<u>590,480,743</u>

**15.1** This includes Rs. 404.071 million (30 June 2017: Rs. 268.889 million) payable to Allied Engineering and Services (Private) Limited (an associated company) for various purchases and services availed by the Modaraba.

**15.2** This represents amount received from employees against the Modaraba's employee car scheme policy.

**15.3** This represents accrual of financial charges of Rs. 31.341 million (30 June 2017: Rs. 50.791 million) and Rs. 1.454 million (30 June 2017: Rs. 2.874 million) respectively in respect of Diminishing Musharaka and Bai Muajjal financing activities availed by the Modaraba.

	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)		
<b>16. BAI MUAJJAL - secured</b>	<u>199,835,414</u>	<u>99,694,340</u>

The total facility from Bai Muajjal finance sanctioned by a bank amounted to Rs. 200 million (30 June 2017: Rs. 100 million). The facility will mature on 23 May 2018 (30 June 2017: 2 August 2017) and is secured by way of hypothecation charge over generators amounting to Rs. 339.66 millions (30 June 2017: Rs. 167 millions). The arrangement carries profit at the rate of 7.18% per annum (30 June 2017: 7.47% per annum).

	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
<b>17. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to Management Company - net	17.1	12,861,898	10,445,075
Sindh Sales Tax payable on remuneration of Management Company	26	3,537,496	3,537,496
		<u>16,399,394</u>	<u>13,982,571</u>

**17.1** The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. During the period, the Modaraba recorded liability for remuneration at 2.053% of the profit for the six months period ended 31 December 2017 amounting to Rs. 5 million (31 December 2016: 1.01% of the profit amounting to Rs. 2.034 million). Remuneration based on the annual results shall be paid after the year ending 30 June 2018.

	Note	Unaudited Dec 31, 2017	Audited Jun 30, 2017
(Rupees)			
<b>18. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured</b>			
Musharaka finance	18.1 & 18.3	3,082,589,840	2,837,804,499
Due within one year		(973,088,952)	(794,791,146)
		<u>2,109,500,888</u>	<u>2,043,013,353</u>
<b>18.1</b> Financing from Islamic banking and financial institutions		2,920,209,851	2,654,054,352
Financing from Modarabas		162,379,989	183,750,147
	18.2	<u>3,082,589,840</u>	<u>2,837,804,499</u>

**18.2** These facilities have maturities from January 2018 to December 2022 (30 June 2017: July 2017 to November 2021) and are secured against hypothecation of Ijarah assets amounting to Rs. 5,775.854 million (30 June 2017: Rs 5,593.936 million). Share of profit payable on these facilities ranges from 6.66% to 8.25% per annum (30 June 2017: 6.62% to 8.23% per annum). The unavailed Musharaka facilities from Islamic financial institutions and Modarabas amounted to Rs. 2,109 million as of 31 December 2017 (30 June 2017: Rs. 2,309.196 million).

**18.3** This includes advance for diminishing musharaka amounting to Rs. 230.893 million (30 June 2017: Rs. 474.271 million) which will be converted subsequent to the period end into diminishing musharaka facility when the assets will be available for its intended use. Share of profit payable on this balance is 6.95% to 7.20% per annum (30 June 2017: ranging from 6.66% to 7.16% per annum).

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

Contingencies outstanding as at 31 December 2017 are as follows:

#### 19.1.1 Sindh Sales Tax on operations and maintenance services of the Modaraba

On 12th July 2013, an order No. 160 was received from the Assistant Commissioner - Sindh Revenue Board (SRB) demanding Sindh Sales Tax of Rs. 25.633 million on total Operation and Maintenance income for the year ended 30 June 2012.

The Commissioner Appeals- Sindh Revenue Board (SRB) vide his order in appeal number 16/2014 dated 25 February 2014 reduced the demand of Sindh Sales Tax from Rs. 25.633 million to Rs. 12.238 million stating that the differential amount of Rs. 13.395 million pertains to the services rendered outside the province of Sindh.

The matter involved is the chargeability of Sindh Sales Tax on the "Operation and maintenance services" provided by the Modaraba during the period from July 2011 to July 2012 in the Order-in-Original No. 160 of 2013 dated July 12, 2013. This has been placed under tariff heading 9809.0000 of the Second Schedule to the Sindh Sales Tax on Services Act, 2011 by the department, whereas the matter is being contested on the basis that the said service falls under tariff heading "9822.2000 Maintenance or Cleaning Services" and that such services has not been included as part of taxable services in the Second Schedule. Such service was taxable with effect from 1 July 2014 and the sales tax thereon is being discharged from that period onwards.

The Modaraba has filed a Constitutional Petition CP No. D-1190 in the Honorable High Court of Sindh against the order of the Commissioner Appeals - Sindh Revenue Board (SRB) by virtue of which the Honorable High Court of Sindh vide its order dated 11 March 2014 has suspended the operation of the impugned order of the Commissioner Appeals - SRB. Subsequently, the Sindh Revenue Board Tribunal has been constituted and is functional in June 2015. The Modaraba, on the direction of the Honorable High Court of Sindh, has filed an appeal with the tribunal, outcome of which is pending. The Management, based on a legal opinion, believes that the outcome of the appeal will be in favor of the Modaraba and hence no provision has been made in these condensed financial information.

**19.1.2** Federal Excise Duty on gross revenue receipts of the Modaraba On 01 March 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @16% of gross receipts of the Modaraba for the above mentioned tax years) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on 16 March 2016. An under protest payment of Rs 50 million was also made by the Modaraba to the Federal Board of Revenue in respect of the above.

In the opinion of the management pursuant to the 18th amendment in the Constitution of Pakistan, the authority to collect sales tax has been delegated to the provinces. Accordingly, the Modaraba filed Constitutional Petitions with the Honorable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on 02 June 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from 01 July 2011 and also quashed any duty recovered by the FBR.

However, in contradiction to the above mentioned judgment by the SHC, the CIR-A through orders dated 03 June 2016 upheld the levy of FED on the Modaraba and consequently directed the Modaraba to pay the alleged amount of FED along with default surcharge and penalty. In response the Modaraba has filed appeals with the Honorable Appellate Tribunal Inland Revenue (ATIR) which is pending hearing.

Subsequently, appeals have been filed in the Honorable Supreme Court of Pakistan by the counter parties aggrieved by the above mentioned order of SHC which is pending hearing.

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and Supreme Court of Pakistan will be in favour of the Modaraba. Accordingly, no provision in respect of FED has been made in these financial statements. Further, the under protest payment of Rs 50 million made to the FBR has been shown as a refundable balance in note 9 to these condensed financial information.

**19.1.3** On 05 June 2017, the Sindh Revenue Board issued a notification under which an amendment was made in Rule 42E (5) Sindh Sales Tax on Service Act, 2011. The amount of reimbursement of salaries and allowances of the labour and manpower are included in the value of services. Hence such reimbursements is now exposed to Sindh sales tax at 13% under tariff heading 9829.0000 of the Second Schedule of Sindh Sales Tax on Service Act, 2011. Earlier such reimbursements were not exposed to Sindh sales tax. The Honorable Court of Sindh has granted interim stay on aforesaid change on 21 August 2017. The amount involved in respect of this amendment is estimated to be of Rs. 10.365 million as of 31 December 2017. The management, based on a legal advise, believes that the decision will be in its favour.

**19.1.4** Please refer note 9.2 also regarding certain guarantees given on behalf of the Modaraba and note 26 and 27 regarding Sindh Sales Tax on management's remuneration and contingent liability regarding workers welfare fund respectively.

## 19.2 Commitments

### 19.2.1 Contractual rentals receivable on Ijarah contracts

31 December 2017 (Unaudited)				30 June 2017 (Audited)			
Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total

(Rupees)

Rentals receivable in future	188,426,478	275,120,000	-	463,546,478	96,561,512	59,353,086	-	155,914,598
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This represents the rentals receivable by the Modaraba in future periods in respect of Ijarah assets given under long-term arrangements.

## 19.2.2 Contractual rentals payable on Ijarah contracts

This represent amount payable against Ijarah arrangements with various financial institutions. Details of these amounts payable are as follows:

31 December 2017 (Unaudited)			30 June 2017 (Audited)		
Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total

(Rupees)

Future Ijarah rentals payables	-	-	-	831,846	-	831,846
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Assets acquired under the above arrangements have been further sub-let under Ijarah arrangements. During the period, an expense of Rs. 9.934 million (30 June 2017: Rs. 85.639 million) and income of Rs. 18.26 million (30 June 2017: Rs. 109.558 million) was recognized under the above Ijarah arrangements.

**19.2.3** Commitments under letter of credit for purchase of Ijarah assets as at 31 December 2017 amounted to Rs. 118.406 million (30 June 2017: Rs. 148.545 million).

**19.2.4** Commitments in respect of installation of software amounted Rs. 0.276 million as at 31 December 2017 (30 June 2017: Nil).

## 20. IJARAH RENTALS - net

Note	Six months period ended		Three months period ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees)			
	(Unaudited)			
Ijarah rentals	1,874,054,623	1,568,617,806	1,007,135,889	865,504,168
Punjab sales tax	(130,244,511)	(109,885,032)	(61,101,105)	(68,051,068)
Sindh sales tax	(22,199,381)	(15,937,351)	(13,358,547)	(8,640,852)
	<u>1,721,610,731</u>	<u>1,442,795,423</u>	<u>932,676,237</u>	<u>788,812,248</u>

## 21. OPERATION AND MAINTENANCE INCOME - net

Operation and maintenance income	65,488,548	61,575,815	31,888,028	32,044,826
Sindh sales tax	(4,508,309)	(5,479,910)	(2,121,259)	(2,759,023)
	<u>60,980,239</u>	<u>56,095,905</u>	<u>29,766,769</u>	<u>29,285,803</u>

## 22. OPERATION, MAINTENANCE AND IJARAH RELATED EXPENSES

Salaries, wages and other staff benefits	394,438,233	297,697,854	192,982,580	150,759,443
Depreciation expense	13.1 448,487,212	382,583,148	265,951,943	200,894,236
Repairs and maintenance expenses	169,599,943	159,961,619	81,432,173	93,239,930
Ijarah rentals	9,934,771	52,170,213	-	24,420,687
Fleet vehicles running expenses	232,770,482	166,818,751	132,415,252	94,093,002
Vehicles running expenses	10,558,750	8,272,385	5,806,640	3,315,949
Insurance expense - equipments	20,155,603	14,091,566	11,281,114	6,654,284
Travelling and conveyance expenses	4,765,890	8,355,458	2,248,452	3,010,938
Rent expense	12,792,260	13,069,104	7,589,644	10,290,972
	<u>1,303,503,144</u>	<u>1,103,020,098</u>	<u>699,707,798</u>	<u>586,679,441</u>

### 23. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

	Note	Six months period ended		Three months period ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
(Rupees)					
(Unaudited)					
Salaries, wages and other staff benefits		55,940,217	45,655,971	29,593,838	28,090,184
Vehicle running costs		4,824,895	3,146,780	2,278,715	2,091,294
Travelling and conveyance		3,491,702	3,340,109	2,132,192	1,696,123
Depreciation expense	11.1	6,929,199	6,247,984	3,238,860	3,104,688
Amortization expense	12.1	955,779	477,890	955,779	477,890
Legal and professional charges		3,658,437	6,607,837	915,785	3,173,005
Auditors' remuneration		600,000	704,581	600,000	704,581
Telephone, postage and fax charges		2,787,954	2,292,991	1,354,421	1,362,864
Advertisement and sales promotion		1,342,673	236,740	930,394	152,997
Printing and stationery		3,311,055	3,001,096	2,168,406	2,533,323
Insurance cost - vehicles		1,150,183	1,029,536	656,406	514,326
Training, meetings and tender participation		838,426	436,776	334,257	248,824
Donation		167,920	355,000	167,920	30,000
Software development		479,512	634,930	-	316,613
Entertainment		2,205,231	3,491,664	1,136,346	2,475,183
Utilities		1,416,402	1,831,411	549,234	614,846
Security		1,724,388	1,046,629	868,434	488,329
Miscellaneous		38,383	38,265	38,383	6,465
		<u>91,862,356</u>	<u>80,576,190</u>	<u>47,919,370</u>	<u>48,081,535</u>

### 24. FINANCE COST

Financial cost on Diminishing Musharaka financing arrangement	110,178,764	69,315,419	55,001,243	38,052,444
Financial cost on Bai Muajjal financing arrangement	2,095,330	3,398,264	2,095,330	-
Bank charges and commission	2,604,152	797,544	1,203,701	392,770
Exchange loss	1,503,041	-	1,965,795	-
	<u>116,381,287</u>	<u>73,511,227</u>	<u>60,266,069</u>	<u>38,445,214</u>

### 25. OTHER INCOME - net

Profit on deposit accounts with bank	3,527,407	1,873,252	1,906,241	1,203,188
Profit on term deposit placement with bank	-	384,247	-	384,247
Income from Diminishing Musharaka arrangements	393,464	-	183,326	-
Proceeds for disposal of scrap	5,842,663	5,665,944	1,785,245	3,781,757
Loss gain on disposal of fixed assets and Ijarah - net	(1,439,482)	(11,176,513)	(1,439,482)	(1,479,966)
Exchange gain	-	839,728	-	1,505,113
Reversal of provision of WWF	27	6,007,120	-	6,007,120
	<u>8,324,052</u>	<u>3,593,778</u>	<u>2,435,330</u>	<u>11,401,459</u>

## **26. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION**

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax on the Modaraba Management Company's remuneration with effective from 01 November 2011. In view of the fact that the remuneration is profit sharing rather than a fixed fee against rendering of management services by the Modaraba Management Company, the NBFC and Modaraba Association, on behalf of a number of Modarabas filed a constitutional petition in the Honorable High Court of Sindh against which the Honorable High Court of Sindh kindly granted an interim stay order.

Subsequently, the Honorable High Court of Sindh, in its judgment dated 27 April 2015, directed the aggrieved parties to seek remedy in accordance with the law, on the basis of which the Assistant Commissioner - SRB issued a letter to the Modaraba Management Company mentioning the amount of sales tax liability and its payment thereof to the SRB. The matter is being pleaded by the Modaraba Management Company with the SRB asking for appropriate legal procedures to be followed by the SRB in accordance with the Sindh Sales Tax Act, 2011 for the determination of sales tax liability.

The matter is pending at the SRB for adjudication and hearing. However, without pre-judice to its rights, provision of Rs. 3.537 million is being held by the Modaraba on the remuneration up to 30 June 2016. Provision for the period from 1 July 2016 to 31 December 2017 of Rs. 1.95 million has not been made in these condensed financial information.

## **27. WORKERS' WELFARE FUND**

**27.1** The Supreme Court of Pakistan passed a judgment on 10 November 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a review petition against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

Base on the above judgment passed by Supreme Court of Pakistan, provision against Federal Worker's Welfare Fund has not been made in these condensed interim financial information.

**27.2** Furthermore, the Sindh Revenue Board (SRB) had written to Modaraba in February 2016 to register and pay Sindh Workers Welfare Fund (SWWF). The Modaraba is of the view that Sindh WWF Act is limited to the province of Sindh and the definition of total income as provided for in the SWWF encompasses the total income of an assessee for whole of the country i.e. for all provinces, thus in lieu of the definition of the total income under SWWF, 2% contribution is to be paid is not limited to the province of Sindh. The Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces. Thus for this reason the definition of total income as provided in SWWF is not correct and charging of WWF is ultra vires of the legislative power conferred upon the province of Sindh. As a result, the Modaraba is of the view that unless there is a mechanism of apportionment of the total income relevant to the province of Sindh, SRB has no legal authority to demand and/or collect SWWF from the Modaraba.

Therefore, based on above grounds the Modaraba, has filed a petition CPD: 935/2017 dated 15 February 2017 in the Sindh High Court. The Management of the Modaraba, based on discussions with the legal advisers, is hopeful of a favourable outcome of its appeal.

## **28. TAXATION**

**28.1** As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes 90% of its profits to its certificate holders for the year after meeting appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves for the year ending 30 June 2018. Accordingly, no provision in respect of current and deferred tax has been made in these condensed interim financial information.

**28.2** The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2017 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

## **29. ADVANCE AGAINST SUBSCRIPTION OF RIGHT CERTIFICATES**

The Board of Directors of the Management Company in their meeting held on 28 August 2017 recommended a right issue 24,500,000 certificates at a premium of Rs. 5 per certificate. The said right shares were offered for subscription to all the certificate holders in proportion to their certificates

outstanding as at 13 December 2017. However, 24,398,332 were subscribed by existing certificate holders while the remaining 101,668 shares were offered for subscription to the underwriters for the issue, which were duly subscribed by the them. As a result Rs. 367 million (comprising 24.5 million certificates of Rs. 15 each) were received as subscription money against the right issue, out of which Rs. 96.07 million was received up to 31 December 2017 where as the remaining amount has been received subsequent to the period end. These certificates have been entered into Central Depository System on 13 February 2018.

### 30 RELATED PARTY TRANSACTIONS

The related parties comprise of major certificate holders and their close family members, directors of the management company and their close family members, key management personnel of the Management Company and their close family members, the provident fund trust and the entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba management fee, if any, is accrued in accordance with the requirements of Modaraba Regulations. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

- 30.1** Detail of transactions with related parties during the period other than those which have been disclosed elsewhere in these condensed interim financial information, are as follows:

	Note	Six months period ended	
		Dec 31, 2017	Dec 31, 2016
		(Unaudited)	
		(Rupees)	
<b>Allied Engineering Management Company (Private) Limited (Modaraba Management Company)</b>			
Modaraba Management Company's remuneration	17	5,000,000	2,033,866
Payment made to the Modaraba Management Company (including Management Fee) during the period		2,583,177	8,830,466
Sindh sale tax on management company's remuneration charged during the period		-	1,147,961
Amount received against subscription of right certificates		73,449,970	-
Dividend paid during the period		52,650,000	35,100,000
<b>Allied Engineering and Services (Private) Limited (holding company of the Modaraba Management Company)</b>			
Purchase of assets	13.2	60,996,802	49,861,953
Purchase of parts and services	13.2	136,844,860	135,602,873
Income from ijarah assets		8,872,672	6,259,576
Reimbursement of expenses		2,403,742	10,913,912
Dividend paid		127,719,618	85,146,412
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>			
Contribution to the staff provident fund during the period		5,417,127	4,471,417
Amount received against subscription of right certificates		6,238,875	-
Dividend paid		4,469,111	2,979,407
<b>Key management personnel</b>			
Remuneration of key management personnel during the period		50,989,174	32,111,662
Amount received against subscription of right certificates		932,835	-
Dividend paid during the period		668,220	445,480
Contribution to the staff provident fund during the period (of key management personnel)		1,890,733	1,213,856
Charge for staff gratuity scheme during the period (of key management personnel)		1,911,541	1,213,247
Loss on sale of vehicles under employee car scheme (sale proceeds: Rs. 348,262)		455,471	659,771
<b>Directors of Management Company</b>			
Dividend paid		4,175,906	2,783,937

**30.2** Details of balances with related parties as at period end other than those which have been disclosed elsewhere in these condensed interim financial information, are as follows:

	Note	For the period ended	
		Dec 31, 2017	Jun 30, 2017
		(Unaudited)	
(Rupees)			
<b>Allied Engineering Management Company (Private) Limited (Modaraba Management Company)</b>			
Outstanding certificates 35,100,000 (30 June 2017: 35,100,000)		351,000,000	351,000,000
Payable to the Modaraba Management Company (including sales tax on Management Company remuneration)	17	16,399,394	13,982,571
<b>Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)</b>			
Outstanding certificates 85,146,412 (30 June 2017: 85,146,412)		851,464,120	851,464,120
Payable against purchase of parts and services	15.1	404,070,971	268,889,781
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>			
Outstanding certificates 2,979,407 (30 June 2017: 2,979,407)		29,794,070	29,794,070
<b>Key Management Personnel</b>			
Outstanding certificates 175,130 (30 June 2017: 184,604)		1,751,300	1,846,040
<b>Directors of Management Company</b>			
Outstanding certificates 2,783,937 (30 June 2017: 2,783,937)		27,839,370	27,839,370

### 31. SEGMENTAL INFORMATION

As per IFRS 8, "Operating Segments", Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Modaraba has determined the operating segments based on the reports reviewed by the Chief Executive Officer, which are used to make strategic decisions.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have two operating segments. The Modaraba's asset allocation decisions are based on an integrated investment strategy. The Modaraba's performance is evaluated on the basis of two operating segments.

**31.1** Details of segment revenues, costs, profit, assets and liabilities are as follows:

	For the half year ended					
	Operating and Finance Ijarah Rentals		Operation and Maintenance Income		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Unaudited)					
	(Rupees)					
<b>Segment revenues / profits</b>						
Revenue	1,721,610,731	1,442,795,423	60,980,239	56,095,905	1,782,590,970	1,498,891,328
Costs	(1,495,813,775)	(1,255,327,425)	(46,494,291)	(43,771,060)	(1,542,308,066)	(1,299,098,485)
Reportable segment profit	225,796,956	187,467,998	14,485,948	12,324,845	240,282,904	199,792,843
	31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	(Rupees)					
<b>Reportable segment assets</b>						
Rentals receivable	1,231,424,408	987,904,537	42,635,009	29,676,680	1,274,059,417	1,017,581,217
Advances, deposits, prepayments and other receivables	287,809,717	154,567,812	-	-	287,809,717	154,567,812
Spare parts	125,863,062	72,886,796	-	-	125,863,062	72,886,796
Ijarah assets	6,586,810,596	6,059,664,727	-	-	6,586,810,596	6,059,664,727
Capital work-in-progress	183,060,920	515,143,800	-	-	183,060,920	515,143,800
	8,414,968,703	7,790,167,672	42,635,009	29,676,680	8,457,603,712	7,819,844,352
<b>Reportable segment liabilities</b>						
Creditors, accrued and other liabilities	546,662,158	465,663,675	-	-	546,662,158	465,663,675
Bai Muajjal - secured	199,835,414	99,694,340	-	-	199,835,414	99,694,340
Diminishing Musharaka	3,082,589,840	2,837,804,499	-	-	3,082,589,840	2,837,804,499
Security deposits	93,808,000	92,358,000	-	-	93,808,000	92,358,000
	3,922,895,412	3,495,520,514	-	-	3,922,895,412	3,495,520,514

**31.2** Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follow:

	Note	Dec 31, 2017	Dec 31, 2016
		(Unaudited)	
		(Rupees)	
<b>Revenues</b>			
Total revenue for reportable segments	31.1	1,782,590,970	1,498,891,328
Other income	25	8,324,052	3,593,778
		1,790,915,022	1,502,485,106
<b>Profit</b>			
Total profit for reportable segments	31.1	240,282,904	199,792,843
Other income	25	8,324,052	3,593,778
Modaraba Management Company's Remuneration		(5,000,000)	(2,033,866)
		243,606,956	201,352,755

	<b>Note</b>	<b>Unaudited Dec 31, 2017</b>	<b>Audited Jun 30, 2017</b>
<b>(Rupees)</b>			
<b>Assets</b>			
Total assets for reportable segments	31.1	8,457,603,712	7,819,844,352
<b>Unallocated assets</b>			
- Cash and bank balances	6	244,750,205	307,439,392
- Advances and other receivables		63,381,779	114,414,070
- Security deposits		50,000	50,000
- Diminishing musharaka financing - secured	10	3,762,156	6,769,730
- Fixed assets in own use - tangible	11	135,226,913	104,982,296
- Intangible asset for own use	12	6,800,595	7,452,828
		<u>8,911,575,360</u>	<u>8,360,952,668</u>
<b>Liabilities</b>			
Total liabilities for reportable segments	31.1	3,922,895,412	3,495,520,514
<b>Unallocated liabilities</b>			
- Creditors, accrued and other liabilities		163,924,845	124,817,068
- Payable to the Modaraba Management Company	17	16,399,394	13,982,571
- Deferred liability for staff gratuity		58,025,491	52,067,969
- Other long-term employee benefit		15,798,120	15,973,327
		<u>4,177,043,262</u>	<u>3,702,361,449</u>

**31.3** The above mentioned segments do not necessarily match with the organisational structure of the Modaraba.

## **32. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction.

Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

**32.1** The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

**As at 31 December 2017 (Unaudited)**

Note	Carrying Value			Total	Fair Value			Total
	Loans and receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	
<b>(Rupees)</b>								
Financial assets not measured at fair value	32.2							
Cash and bank balances	244,750,205	-	-	244,750,205	-	-	-	-
Ijarah rentals receivable	1,231,424,408	-	-	1,231,424,408	-	-	-	-
Operation and maintenance income receivable	42,635,009	-	-	42,635,009	-	-	-	-
Advances, deposits and other receivables	26,346,129	-	-	26,346,129	-	-	-	-
Diminishing musharaka	3,762,156	-	-	3,762,156	-	-	-	-
Long term security deposit	50,000	-	-	50,000	-	-	-	-
	<u>1,548,967,907</u>	<u>-</u>	<u>-</u>	<u>1,548,967,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value	32.2							
Creditors, accrued and other liabilities	-	-	639,041,938	639,041,938	-	-	-	-
Bai Muajjal - secured	-	-	199,835,414	199,835,414	-	-	-	-
Payable to the Modaraba Management Company	-	-	12,861,898	12,861,898	-	-	-	-
Diminishing musharaka	-	-	3,082,589,840	3,082,589,840	-	-	-	-
Security deposits	-	-	93,808,000	93,808,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,028,137,090</u>	<u>4,028,137,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**As at 30 June 2017**

Note	Carrying Value			Total	Fair Value			Total
	Loans and receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	
<b>(Rupees)</b>								
Financial assets not measured at fair value	32.2							
Cash and bank balances	307,439,392	-	-	307,439,392	-	-	-	-
Ijarah rentals receivable	987,904,537	-	-	987,904,537	-	-	-	-
Operation and maintenance income receivable	29,676,680	-	-	29,676,680	-	-	-	-
Advances, deposits and other receivables	42,221,573	-	-	42,221,573	-	-	-	-
Diminishing musharaka	6,769,730	-	-	6,769,730	-	-	-	-
Long term security deposit	50,000	-	-	50,000	-	-	-	-
	<u>1,374,061,912</u>	<u>-</u>	<u>-</u>	<u>1,374,061,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value	32.2							
Creditors, accrued and other liabilities	-	-	499,476,853	499,476,853	-	-	-	-
Bai Muajjal - secured	-	-	99,694,340	99,694,340	-	-	-	-
Payable to the Modaraba Management Company	-	-	10,445,075	10,445,075	-	-	-	-
Diminishing musharaka	-	-	2,837,804,499	2,837,804,499	-	-	-	-
Security deposits	-	-	92,358,000	92,358,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,539,778,767</u>	<u>3,539,778,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**32.2** The Modaraba has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprised periodically. Therefore, their fair value is not significantly different from their carrying amounts.

### **33. GENERAL**

**33.1** Figures in these condensed interim financial information for the quarter ended 31 December 2017 and 31 December 2016 have not been subjected to limited scope review of the auditors.

#### **33.2 Date of authorisation**

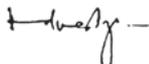
These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company in its meeting held on **22 February 2018**.

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

**For Allied Engineering Management Company (Private) Limited**  
(Management Company)



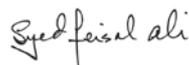
**Naveed Shaheen**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Asif Rahman**  
Chairman



**Syed Feisal Ali**  
Director

انتظامی امور اور تقسیم کاری کے اخراجات 11 بلین روپے کے اضافہ کے ساتھ 92 بلین روپے ہو گئے (2016: 81 بلین روپے) اس کی وجہ افراط زر کے علاوہ مختلف النوع کے کاروباری انتظامات کے لئے وسائل کے حصول اور کاروباری حجم میں اضافہ تھی۔

اجارہ رینٹل اور آپریشن اینڈ مینٹیننس کی وصولی کے نقصانات کے امکانات کو کم کرنے کے لیے 31 بلین روپے کا پروڈون کیا گیا جو کہ مضار بہ کے پروڈنشل ضوابط کے مطابق ہے۔ جب کہ مجموعی فرقہ جات میں اضافہ سے فنانسنگ کی لاگت بڑھ کر 43 بلین روپے ہو گئی۔

### مستقبل کے امکانات

مارکیٹ میں اپنی مضبوط حیثیت کی بناء پر مضار بہ معاشی ترقی کے دھارے میں شامل ہے اور تعمیری سامان، مشینوں اور لاجسٹکس کے شعبہ میں سرمایہ کاری کے ذریعہ مختلف النوع منافع کے حصول کے لیے سرگرم عمل ہے۔ ہم مقامی اور چینی کنٹرولڈ کمپنیوں، تعمیراتی کمپنیوں اور حکومتی اداروں کی جانب سے مشینوں کی طلب میں اضافہ سے بخوبی آگاہ ہیں

جو قلیل المدت اور طویل المدت ضروریات کیلئے مضار بہ سے رابطہ کر رہے ہیں۔ انتظامیہ اس بڑے اضافے کے پینچنگ سے بخوبی واقف ہے اور سرمایہ کاری اور سرمائے کی فراہمی، دونوں اقسام کے کاروباری ضروریات کو پورا کرنے کے لیے تیار ہے لیکن اس کے ساتھ ساتھ ہم ان یونٹس کو بھی کامیابی سے چلانے اور اس کی دیکھ بھال کے لیے انسانی وسائل مہیا کرنے میں بھی مصروف ہیں کیونکہ O&M ہمارے اجارہ رینٹل کے معاہدہ کا ایک لازمی حصہ ہے۔

ہمیں یہ EEARLY MOVER ADVANTAGE لئے حاصل ہے کہ ہم سی پیک کے تحت انفراسٹرکچر کے منصوبوں پر معمول سے زیادہ سرمایہ کاری کر رہے ہیں جو ہمارے ملک کے لئے حقیقی طور پر ایک گیم چینجر ہے۔ انتظامیہ اپنے رینٹل فلیٹ (Fleet) میں مسلسل اضافہ کر رہی ہے اور اس کیلئے نئے اور استعمال شدہ ایکسپو، پیرز، کمپیکٹر، ز، موٹر گریدرز اور دیگر تعمیری مشینری میں یکسر پلر سے لے کر اور Sany سے نئی کرینوں کی خریداری کے آرڈر دیئے جا چکے ہیں۔ مضار بہ نئی SANY کرینوں کی شمولیت سے کرین کی صنعت کے رینٹل ماڈل کو تبدیل کر دیا ہے۔ جو کہ مارکیٹ میں عام طور پر استعمال کی جانے والی موجود پرانی اور استعمال شدہ کرینوں کے مقابلے میں بہتر حفاظت اور اچھے معیار کی حامل ہیں۔

مضار پز انڈوسٹریشن کے کاروبار میں مشہور و معروف FMCG اور آئل فیلڈ سروسز کمپنیوں کے ساتھ نئے رینٹل معاہدوں کیلئے کوشاں ہے جن سے کاروبار کے زیادہ منافع بخش شعبوں میں رینٹل اثاثہ جات کی تحصیل کی جاسکے۔

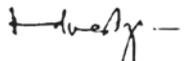
مضار بہ کو کاروباری نئی ضروریات کے مطابق اپنے انسانی وسائل کو بھی بڑھانا ہے۔ اگرچہ پاکستان بڑی آبادی والا ملک ہے لیکن ٹیکنیکی طور پر ہنرمند اور نیم ہنرمند افرادی کمی کا سامنا ہے جب کہ مارکیٹ میں ان کی طلب بڑھ رہی ہے۔ ہم مضار بہ کے ساتھ ان کی وابستگی قائم رکھنے کیلئے پوری طرح کوشاں رہتے ہیں۔ ہمیں توقع ہے کہ ان کی طلب میں اضافہ کے ساتھ جیسے جیسے مارکیٹ میں اجروں کی شرح بڑھے گی تو ان کی اجروں میں بھی اضافہ ہوگا۔ لہذا اجروں کی شرح میں منصفانہ اضافہ کے ساتھ افرادی قوت کو اپنے ساتھ وابستہ رکھنا مضار بہ کیلئے ایک اور بڑا چیلنج ہے۔

انتظامیہ سی پیک کے ترقیاتی عمل اور اس سے مضار بہ کیلئے پیدا ہونے والے شاندار مواقع حاصل کرنے کیلئے پرجوش طریقے سے سرگرم ہے لیکن رینٹل پاور کے شعبہ میں سرمایہ کاری کیلئے جیٹا، ڈائمنڈ اینڈ اور خصوصاً طریقہ کار اختیار کرنے پر کاربند ہے۔ ہم ہمیشہ صارف کے اطمینان پر خاص توجہ دیتے ہیں اور اپنے کاروباری لین دین میں اسلامی شریعہ اصولوں پر عمل پیرا رہتے ہیں۔

### اعتراف

یورڈ، رجسٹرڈ مضار بہ، مذہبی بورڈ، مالیاتی اداروں اور اپنے مالیاتی پارٹنرز کے مستقل تعاون اور رہنمائی کیلئے ان کا بے حد شکر گزار ہے اور صارفین کی سرپرستی اور کاروباری امور میں شرکت کیلئے ان کا شکر تمام کرتا ہے۔

مخانب بورڈ



مرضی احمد علی

(چیف ایگزیکٹو)

22 فروری 2018

## ڈائریکٹرز کی رپورٹ

برائے مدتِ مختتمہ 31 دسمبر 2017

الائیڈ رینٹل مڈرارہ جگ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو الائیڈ رینٹل مڈرارہ کی مینجمنٹ کمپنی ہے، کے بورڈ آف ڈائریکٹرز اپنے حقیقت، ہولڈرز کو بسمت ڈائریکٹرز کی رپورٹ مع مڈرارہ کے غیر آڈٹ شدہ حسابات برائے مدتِ مختتمہ 31 دسمبر 2017 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

### 000 روپے میں

6,586,811

1,782,591

243,607

13.66%

5.19%

1.03 : 1

Rs. 1.37

Rs. 26.98

### مالیاتی جھلکیاں

اجارہ اثاثہ جات میں سرمایہ کاری

کل آمدنی

منافع برائے مذکورہ مدت

خالص منافع کا فرق

ایکویٹی پر منافع

موجودہ شرح

فی حقیقت آمدنی

فی حقیقت بریک اپ ویلیو

### کاروباری عمل کا جائزہ

ہم بسمت اطلاع دیتے ہیں کہ مذکورہ مدت میں مڈرارہ کی سہولتوں کی 19% اضافہ کے ساتھ گزشتہ سال کی اسی مدت کی رقم 1,499 ملین روپے سے بڑھ کر 1,783 ملین روپے ہو گئی۔ اس لحاظ سے مذکورہ مدت میں خالص منافع بھی 21% اضافہ کے ساتھ 244 ملین روپے ہوا جب کہ اس کے مقابلے میں گزشتہ سال اسی مدت کا منافع 201 ملین روپے تھا۔ ہمارے مشین اور کرین کے شعبہ کی سہولتوں کی زیادہ اضافہ کے ساتھ 263 ملین روپے ہوئی جب کہ گزشتہ سال اسی مدت میں 128 ملین روپے ہوئی تھی جس کی وجہ رینٹل فلیٹ میں نئے کنسٹرکشن آلات، مشینوں اور کرین کا شامل کیا جاتا تھی۔ مستقبل میں اس شعبہ کی کارکردگی میں مزید بہتری جاری رہنے کی توقع ہے کیونکہ ہم سی بی سی پر ڈیولپمنٹ کیلئے مشین رینٹل مارکیٹ کی بڑھتی ہوئی ضروریات کو پورا کرنے کیلئے مشینوں اور کرین میں مزید سرمایہ کاری کرتے رہیں گے۔ اس مدت میں پاور جنریشن کے شعبہ کی سہولتوں میں بھی نمایاں اضافہ ہوا ہے جو گزشتہ سال کے اسی عرصہ کی سہولتوں سے 12% زیادہ ہے جس میں گیس اور ڈیزل کے میکانائٹس کے شعبہ جات کا بڑا حصہ ہے۔

اس مدت کے دوران میں بڑے ڈیزل جنریشن کے شعبہ میں بہتری کی وجہ ہماری صارفین کے ساتھ اس کے طویل مدت تک استعمال کے معاہدوں پر دستخط ہونا تھی۔ ایل این جی کی دستیابی سے ہم کو امید ہے کہ طویل المدت گیس انجن رینٹل کے کاروبار میں اضافہ کی رفتار تیز ہوگی۔ جن میں خاص طور پر باکائیٹ فیول والے انجنوں کی طلب میں اضافہ ہوگا۔ اس کے علاوہ اس عرصہ میں سینٹ اور رینٹل اسٹیٹ کے شعبہ جات میں طلب کی بہتری آنے سے ہمارے زیادہ گنجائش والے ڈیزل انجنوں اور گیس انجنوں دونوں کے تعین کی سطح اطمینان بخش رہی۔

اس مدت میں ہمارے داخلی اور خارجی نقل و حمل (لاجنسٹکس) کی فروخت سے 10.5% اضافہ کے ساتھ 611 ملین روپے کی آمدنی حاصل ہوئی جب کہ گزشتہ سال کے اسی عرصے کی آمدنی 554 ملین روپے تھی اس کی بڑی وجہ ہمارے کاروبار کی بہتر قیمت کے حصول کے معاہدوں کی طرف منتقلی تھی۔ ہمیں ملک میں اس شعبہ کی ترقی کے ساتھ ساتھ خصوصی طور پر سی بی سی سے متعلق کاروبار کی گنجائش میں اضافہ کے لحاظ سے مزید پورترتی کے امکانات نظر آ رہے ہیں۔

کاروباری عمل کو جاری رکھنے کی لاگت 18% اضافہ کے ساتھ 200 ملین روپے سے بڑھ گئی۔ جس کی وجہ تھوڑے اور اجرتوں میں 96 ملین روپے کا اضافہ تھا جو گزشتہ سال کی اسی مدت کے 298 ملین روپے کے مقابلے میں بڑھ کر 396 ملین روپے ہو گیا۔ اس اضافہ کی بڑی وجہ مڈرارہ کے رینٹل اثاثہ جات کے پورٹ فولیو میں ہونے والا اضافہ تھا، جن کی تعداد 1500 تک ہو چکی ہے۔ فلیٹ کی گاڑیوں کے چلنے کی لاگت بھی گزشتہ سال کی اسی مدت کے 167 ملین روپے سے بڑھ کر 233 ملین روپے ہو گئی تاہم یہ اضافہ ہمارے لئے زیادہ آمدنی اور ہمارے لاجنسٹکس MHE کے شعبہ جات میں زیادہ سرمایہ کاری کا باعث ہوا۔ مذکورہ مدت میں فرسودگی کی سطح 17% اضافہ کے ساتھ 448 ملین روپے ہو گئی جب کہ گزشتہ سال اسی مدت میں 382 ملین روپے تھی۔ جس کی وجہ مشینوں اور کرینوں اور لاجنسٹکس کے شعبہ جات میں کی جانے والی نئی سرمایہ کاری تھی۔ اجارہ رینٹل گزشتہ سال کی اسی مدت کے 52 ملین روپے سے نمایاں کمی کے ساتھ اس سال کی اسی مدت میں 10 ملین روپے ہوئے۔ اس کی وجہ ہمارے اجارہ کے طویل المدت معاہدوں کی تکمیل ہونا تھی

## **Allied Rental Modaraba**

Managed by: Allied Engineering  
Management Company (Private) Limited

21/3, Sector No. 22, Korangi  
Industrial Area, Karachi - # 74900

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