



Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

LAYING FOUNDATIONS POWERING PROGRESS AND MOVING AHEAD

Half Yearly Report December 2023



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Modaraba Information

Board of Directors

Syed Feisal Ali
Chairman

Mr. Murtaza Ahmed Ali
Chief Executive

Mr. Khwaja Ahad Rahman
Non - Executive Director

Mrs. Saira Nasir (Independent)
Non - Executive Director

Mr. Ali Akbar
Non - Executive Director

Mr. Hassan Shehzad Abidi
Non - Executive Director

Mr. Abdul Rahim Suriya
Non - Executive Director

Audit Committee
Mr. Abdul Rahim Suriya
Chairman

Syed Feisal Ali
Member

Mr. Ali Akbar
Member

Chief Financial Officer
Mr. Muhammad Saad

Company Secretary
Mr. Munaf Ahmed Siddiqui

**Head of Internal Audit
and Secretary to Audit Committee**
Mr. Abid Altaf

**Human Resource and
Remuneration Committee**
Mr. Abdul Rahim Suriya
Chairman

Syed Feisal Ali
Member

Mr. Murtaza Ahmed Ali
Member

Strategic Management

Syed Zulfqarnain Jafri
Business Unit Head - Power

Mr. Ali Ahsan
Business Unit Head - Logistics

Mr. Rashid Jehangiri
Business Unit Head - MHE, Machines and Cranes

Mr. Ali Ammar
Head of Human Resource and Business Administrator

Mr. Haider Qutbuddin
Head of Information Technology

Islamic Banks, Islamic Window of Commercial Banks & Lending Institutions

Askari Bank Limited

Habib Bank Limited

Bank Alfalah Limited

National Bank of Pakistan Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Islamic Bank Limited

United Bank Limited

Meezan Bank Limited

Dubai Islamic Bank

Bank Al Habib Limited

Auditors

A.F. Ferguson & 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

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, 2023

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, 2023.

Financial Highlights

	Rs in '000
Investment in Ijarah assets	6,148,407
Total Revenue with provincial sales tax	3,085,623
Net profit for the period	286,874
Net profit margin	10.6%
Return on equity	5.3%
Current Ratio	1.55:1
Earning per certificate	Rs. 1.30
Break-up value per certificate	Rs 25.1

Restructuring of the Modaraba

Pursuant to the Finance Act, 2021, the tax exemption on Modarabas has been withdrawn, effective from July 1, 2021. Consequent to this withdrawal, the Board of Directors of the Modaraba Management Company in their meeting held on September 7, 2021 discussed and approved a plan to restructure the current legal structure of the Modaraba and transfer the entire existing business of the Modaraba, on a going concern basis, along with all its assets and liabilities at their respective carrying values, including all contingent liabilities, to two separate legal entities.

As per the restructuring plan, the existing logistics business of the Modaraba will be transferred to a newly incorporated entity - Allied Transport & Logistics (Private) Limited [Now known as Allied Transport & Logistics Limited (ATL) (a related party)], along with all its existing assets, staff and liabilities. Whereas the other or remaining business segments of the Modaraba along with their assets, staff and liabilities, including all the contingent liabilities, will be transferred to the Allied Engineering Management Company (Private) Limited [Now known as Allied Rental Services Limited (the 'Modaraba Management Company')]. The management intends to carry out the transfer of assets and liabilities (including contingent liabilities) at the carrying values of assets and liabilities appearing in the books of the Modaraba as per the latest audited financial statements at the date of transfer subject to the approval of the relevant authorities. No adjustments have been made in the carrying value of assets and liabilities held by the Modaraba. The classifications of balances between long-term and short-term have not been adjusted as the businesses and balances will be transferred on a going concern basis at their respective carrying values.

The draft scheme of arrangement was finalized and submitted to the SECP - Registrar Modarabas for its approval. The SECP vide a letter no. SC/M/PRDD/Allied/2022-RS 49 / 134

dated June 23, 2022 has issued a no objection certificate (NOC) on the scheme of arrangement subject to the fulfilment of the following conditions:

- 'The modaraba shall determine a buy-back price in consultation with the PSX to buy shares from the dissenting certificate holders which shall not be lower than the 12 months' average daily price reported by PSX preceding to the date of the board meeting for approval of swap ratio and the scheme and the book value per certificate as per the audited financial statements as at December 31, 2021; and
- 'No objection certificate(s) shall be obtained from all the creditors before making a petition to the Court and certified true copies shall be submitted to the Registrar Modaraba.

'Upon successfully obtaining NOCs from all creditors, the Modaraba and the related companies have filed the petition with the Honorable Sindh High Court (SHC) in the month of October 2022, for sanctioning of the scheme of arrangement. The first hearing at the Honorable Sindh High Court on the petition was held on October 19, 2022, whereby, the petition was admitted and the Court ordered to convene separate meetings of members of all the petitioners (i.e. Modaraba and related companies) and publication of the scheme in the official gazette. Thereafter, separate meetings of members of all the petitioners were held on November 25, 2022 whereby, the scheme was approved unanimously. Minutes of the meetings of members were also submitted to the SHC subsequently within seven days of the meeting.

'In compliance with the SECP's letter dated June 23, 2022, the Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company) purchased certificates of the dissenting certificate holders at Rs. 25 per certificate which is more than the 12 months' average daily price reported by PSX preceding to the date of the board meeting for approval of swap ratio and the scheme, i.e. Rs. 20.13 per certificate, and the book value per certificate as per the audited financial statements of the Modaraba as at December 31, 2021, i.e., Rs. 22.44 per certificate.

'The petition was published in the official gazette of Pakistan on October 25, 2023. Following the publication, the matter was heard at the SHC on December 26, 2023, after the hearing, the SHC issued an order, sanctioning the scheme of arrangement. In the scheme of arrangement, the effective date of the scheme was initially proposed to be July 1, 2022 unless otherwise specified by the SHC, and the SHC in its order dated December 26, 2023 has defined the effective date of the scheme to be January 01, 2024. Thus, these condensed interim financial statements are the last financial statements of the Modaraba.

'As per the scheme of arrangement, the certificate holders of the Modaraba will be allotted 0.211 shares in Modaraba Management Company and 0.588 shares in ATL, for each certificate in the Modaraba.

'Upon Modaraba's request, the Pakistan Stock Exchange Limited has suspended trading in the certificates of the Modaraba with effect from February 23, 2024.

The license of the Modaraba Management Company will be surrendered to the Registrar Modarabas and the SECP after the completion of the aforementioned scheme of arrangement.

More than 90 percent of the certificates are held directly and indirectly by the associated and the group companies by virtue of which this restructuring will be considered as a transaction under common control and will be accounted for under predecessor method of accounting in accordance with the requirements of 'Accounting for Common Control Transactions' standard (which specifies the accounting for common control transactions) issued by the SECP. Currently, there is no potential impact that requires adjustment to the carrying values and classification of assets and liabilities in the books of the Modaraba as at the reporting date.

Overview of business

Despite the significant challenges confronting the overall industry, including heightened inflation, strict IMF funding program requirements, pressures on the Pakistani rupee's parity due to current account deficits and foreign payments, escalating debts and tariffs, increased international crude oil and gas prices, and import bans, the Modaraba has managed to maintain its growth trajectory. During the half-year ended December 2023, the Modaraba experienced a 6.3% increase in net sales compared to the corresponding period, reaching Rs. 2,695 million, demonstrating sustained growth in both revenue and profitability.

This year, the Power Generation segment witnessed a 19% decline in revenue, marking a departure from the previous year's growth trends. This decline can be attributed primarily to challenges such as a scarcity of gas supply to captive power units and high capital costs associated with power generation equipment. In contrast, the Outbound Logistics segment experienced a significant increase in sales, despite facing challenges such as competitive pricing from the unorganized sector. Moreover, the Machines and Cranes as well as Material Handling Equipment (MHE) segment achieved noteworthy revenue growth, driven by more efficient machine deployment and a strategic shift toward higher-margin projects. This growth occurred notwithstanding challenges posed by the unorganized sector and a shortage of skilled workers in the machine rental industry.

Sales from our Outbound Logistics segment depict a consistent upward trend, with a 23% increase compared to the corresponding period last year. The implementation of the axel load regime in this sector has had a favorable impact, particularly in rate negotiations, owing to the limited availability of vehicles in the local market. Our customer base for this segment continues to comprise blue-chip companies in the FMCG sector, including Nestle, Engro, Schlumberger Pakistan, Fauji Foods, and others.

Sales from the construction machines, cranes, and material handling equipment segment experienced a remarkable 32% increase, largely attributed to the commencement of new projects aligned with our strategic focus on higher-margin endeavors.

In line with the rise in rental revenue, operating expenses for the period also experienced a 5.1% increase, amounting to Rs. 1,901 million compared to Rs. 1,809 million for the same period. Despite a 28% increase in the minimum wage from Rs. 25,000 to Rs. 32,000 starting from July 2023 onwards, salaries and wages only rose by 5.5% compared to the corresponding period last year. The most significant increases were observed in rent expenses, which surged by 35% primarily due to the initiation of new projects in various locations, and a 25% increase in vehicle running expenses. Depreciation for the period also saw a notable increase of 16%.

Administrative and distribution expenses saw a significant increase of 20%, reaching Rs. 202 million compared to Rs. 168 million in 2022. This rise can be attributed primarily to an increase in salaries and wages rose by 16%, reflecting the establishment of various business segments as we diversify into other sectors within our Rental portfolio and manage increased business volumes and nearly 5 % increase in legal and professional fees incurred primarily as a part of restructuring of Modaraba.

Despite the rising trend in the KIBOR base rate, markup costs decreased by 6 million in the current period, primarily due to the completion of musharaka agreements. A provision against potential Ijarah losses was recorded at Rs. 47.1 million, along with operation and maintenance income, in compliance with the requirements of the International Financial Reporting Standard IFRS – 9.

Acknowledgement

The Board wishes to place on record its sincere gratitude to the Registrar Modarabas, his support staff at SECP, Religious Board, bankers, customers and its business partners for their continued support and guidance.

On Behalf of the Board



Murtaza Ahmed Ali

Chief Executive

February 27, 2024

طور پر شرح مذاکرات میں ایک سازگار اثر ڈالا ہے۔ اس سیگمنٹ کے لیے ہمارا کسٹمر بیس FMCG سیکٹر میں بلیو چپ کمپنیوں پر مشتمل ہے، بشمول نیسلے، اینگرو، شلمبرگر پاکستان، فوجی فوڈز، اور دیگر۔

تعمیراتی مشینوں، کریبوں، اور میٹرل ہینڈلنگ کے سامان کے حصے کی فروخت میں %32 کا غیر معمولی اضافہ ہوا، جس کی بڑی وجہ نئے منصوبوں کے آغاز سے ہے جو کہ زیادہ مارجن کی کوششوں پر ہماری اسٹریٹیجک توجہ کے ساتھ منسلک ہیں۔

ریٹیل ریونیو میں اضافے کے مطابق، اس مدت کے لیے آپریٹنگ اخراجات میں بھی 5.1 فیصد اضافہ ہوا، جس کی رقم 1901 ملین روپے ہیں پچھلے سال کی اسی مدت کی رقم 1809 ملین روپے تھی۔ باوجود اس کے کہ کم از کم اجرت میں 28 فیصد کا اضافہ ہوا ہے اور کم سے کم اجرت 25,000 سے 32,000 ہو گئی ہے۔۔۔ سب سے نمایاں اضافہ کرائے کے اخراجات میں دیکھا گیا، جس میں بنیادی طور پر مختلف مقامات پر نئے پروجیکٹ شروع کرنے اور گاڑیوں کے چلانے کے اخراجات میں 25 فیصد اضافے کی وجہ سے 35 فیصد اضافہ ہوا۔ اس مدت کے لیے فرسودگی میں بھی 16 فیصد کا قابل ذکر اضافہ دیکھا گیا۔

انتظامی اور تقسیمی اخراجات میں %20 کا نمایاں اضافہ دیکھا گیا، جو روپے تک پہنچ گیا۔ 202 ملین روپے کے مقابلے میں 2022 میں 168 ملین۔ یہ اضافہ بنیادی طور پر تنخواہوں میں اضافے اور اجرتوں میں 16 فیصد اضافے سے منسوب کیا جاسکتا ہے، جو کہ مختلف کاروباری طبقات کے قیام کی عکاسی کرتا ہے کیونکہ ہم اپنے ریٹیل پورٹ فولیو کے اندر دیگر شعبوں میں تنوع پیدا کرتے ہیں اور بڑھے ہوئے کاروباری حجم کا انتظام کرتے ہیں اور تقریباً 5 فیصد اضافہ ہوتا ہے۔ قانونی اور پیشہ ورانہ فیسوں میں جو بنیادی طور پر مضاربہ کی تنظیم نو کے حصے کے طور پر لی گئی ہے۔

KIBOR بنیادی شرح میں بڑھتے ہوئے رجحان کے باوجود، موجودہ مدت میں مارک اپ کی لاگت میں 6 ملین کی کمی واقع ہوئی ہے، جس کی بنیادی وجہ مشاعرہ کے معاہدوں کی تکمیل ہے۔ اجارہ کے ممکنہ نقصانات کے خلاف ایک پروویژن 47.1 ملین روپے ریکارڈ کیا گیا، آپریشن اور دیکھ بھال کی آمدنی کے ساتھ، بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈ 9 – IFRS کی ضروریات کے مطابق۔

اعتراف

بورڈر جسٹرار مضاربہ، ایس ای سی بی میں ان کے معاون عملے، مذہبی بورڈ، بینکرز، صارفین اور اس کے کاروباری شراکت داروں کے مسلسل تعاون اور رہنمائی کے لیے ان کا تہہ دل سے شکریہ ادا کرنا چاہتا ہے۔

منجانب بورڈ

۔۔۔
مرتنضی احمد علی
چیف ایگزیکٹو

27 فروری 2024

انتظامات کی اسکیم کے مطابق، مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ میں ہر سرٹیفکیٹ کے لیے مضاربہ بینجمنٹ کمپنی میں 0.211 حصص اور ATL میں 0.588 شیئرز الاٹ کیے جائیں گے۔

مضاربہ کی درخواست پر، پاکستان اسٹاک ایکسچینج لمیٹڈ نے مضاربہ کے سرٹیفکیٹس میں ٹریڈنگ کو 23 فروری 2024 سے معطل کر دیا ہے۔

مضاربہ بینجمنٹ کمپنی کا لائسنس مذکورہ انتظامات کی اسکیم کی تکمیل کے بعد رجسٹرڈ مضارب اور ایس ای سی پی کے حوالے کر دیا جائے گا۔

90 فیصد سے زیادہ سرٹیفکیٹس براہ راست اور بالواسطہ طور پر متعلقہ اور گروپ کمپنیوں کے پاس ہیں جس کی وجہ سے اس تنظیم نو کو مشترکہ کنٹرول کے تحت ایک لین دین کے طور پر سمجھا جائے گا اور اس کی ضروریات کے مطابق اکاؤنٹنگ کے پیشرو طریقہ کے تحت حساب کیا جائے گا۔ SECP کی طرف سے جاری کردہ 'اکاؤنٹنگ فار کامن کنٹرولڈ ٹرانزیکشنز کا معیار' (جو مشترکہ کنٹرول ٹرانزیکشنز کے لیے اکاؤنٹنگ کی وضاحت کرتا ہے)۔ فی الحال، کوئی ممکنہ اثر نہیں ہے جس کے لیے رپورٹنگ کی تاریخ کے مطابق مضاربہ کی کتابوں میں لے جانے والی اقدار اور اثاثوں اور واجبات کی درجہ بندی میں ایڈجسٹمنٹ کی ضرورت ہے۔

کاروبار کا جائزہ

مجموعی صنعت کو درپیش اہم چیلنجوں کے باوجود، بشمول بڑھتی ہوئی افراط زر، سخت IMF فنڈنگ پروگرام کی ضروریات، کرنٹ اکاؤنٹ خسارے اور غیر ملکی ادائیگیوں کی وجہ سے پاکستانی روپے کی برابری پر دباؤ، بڑھتے ہوئے قرضوں اور ٹیئرف، بین الاقوامی تیل اور گیس کی قیمتوں میں اضافہ، اور درآمدی پابندیاں۔ مضاربہ اپنی ترقی کی رفتار کو برقرار رکھنے میں کامیاب رہا ہے۔ دسمبر 2023 کو ختم ہونے والے ششماہیہ کے دوران، مضاربہ نے اسی مدت کے مقابلے میں خالص فروخت میں 6.3 فیصد اضافہ دیکھا، جو روپے تک پہنچ گیا۔ 2,695 ملین، آمدنی اور منافع دونوں میں مسلسل ترقی کو ظاہر کرتا ہے۔

اس سال، پاور جزییشن سیگمنٹ نے ریونیو میں 19 فیصد کمی دیکھی، جو پچھلے سال کے نمو کے رجحانات سے علیحدگی کی علامت ہے۔ اس کمی کی وجہ بنیادی طور پر کیپٹیو پاور یونٹس کو گیس کی فراہمی کی کمی اور بجلی پیدا کرنے والے آلات سے وابستہ اعلیٰ سرمائے کی لاگت جیسے چیلنجوں سے منسوب کی جاسکتی ہے۔ اس کے برعکس، آؤٹ باؤنڈل جینٹلس طبقہ نے غیر منظم شعبے کی جانب سے مسابقتی قیمتوں کے تعین جیسے چیلنجوں کا سامنا کرنے کے باوجود، فروخت میں نمایاں اضافہ کا تجربہ کیا۔ مزید برآں، مشینوں اور کریبوں کے ساتھ ساتھ میٹرل ہینڈلنگ ایکویپمنٹ (MHE) سیگمنٹ نے زیادہ موثر مشینوں کی تعیناتی اور زیادہ مارجن والے منصوبوں کی طرف ایک اسٹریٹجک تبدیلی کی وجہ سے قابل ذکر آمدنی میں اضافہ حاصل کیا۔ یہ ترقی غیر منظم شعبے کی طرف سے درپیش چیلنجوں اور مشین ریٹیل انڈسٹری میں ہنرمند کارکنوں کی کمی کے باوجود ہوئی ہے۔

ہمارے آؤٹ باؤنڈل جینٹلس سیگمنٹ کی فروخت پچھلے سال کی اسی مدت کے مقابلے میں 23% اضافے کے ساتھ مسلسل اوپر کی طرف رجحان کو ظاہر کرتی ہے۔ مقامی مارکیٹ میں گاڑیوں کی محدود دستیابی کی وجہ سے اس سیکٹر میں ایکسل لوڈ سنجیم کے نفاذ نے خاص

انتظامات کی اسکیم کے مسودے کو حتمی شکل دی گئی اور اسے منظوری کے لیے ایس ای سی پی-رجسٹرار مضارب کو پیش کر دیا گیا۔ ایس ای سی پی نے ایک خط نمبر کے ذریعے۔ SC/M/PRDD/Allied/2022-RS 49/134 مورخہ 23 جون 2022 نے انتظامات کی اسکیم پر مندرجہ ذیل شرائط کی تکمیل سے مشروط کوئی اعتراض سرٹیفکیٹ (NOC) جاری کیا ہے۔

• مضاربہ PSX کے مشورے سے ایک بائی بیک قیمت کا تعین کرے گا تاکہ اختلافی سرٹیفکیٹ ہولڈرز سے حصص خریدے جا سکیں جو کہ منظوری کے لیے بورڈ میٹنگ کی تاریخ سے پہلے PSX کی رپورٹ کردہ 12 ماہ کی اوسط پومیہ قیمت سے کم نہیں ہوں گے۔ 31 دسمبر 2021 تک آڈٹ شدہ مالیاتی بیانات کے مطابق تبادلہ تناسب اور اسکیم اور کتابی قیمت فی سرٹیفکیٹ؛ اور

• عدالت میں درخواست دینے سے پہلے تمام قرض دہندگان سے کوئی اعتراض نہیں سرٹیفکیٹ حاصل کیا جائے گا اور تصدیق شدہ حقیقی کاپیاں رجسٹرار مضاربہ کو جمع کرائی جائیں گی۔

تمام قرض دہندگان سے کامیابی کے ساتھ NOC حاصل کرنے کے بعد، مضاربہ اور متعلقہ کمپنیوں نے بندوبست کی اسکیم کی منظوری کے لیے اکتوبر 2022 کے مہینے میں معزز سندھ ہائی کورٹ (SHC) میں درخواست دائر کی ہے۔ درخواست پر معزز سندھ ہائی کورٹ میں پہلی سماعت 19 اکتوبر 2022 کو ہوئی، جس کے تحت، درخواست کو قبول کیا گیا اور عدالت نے تمام درخواست گزاروں (یعنی مضاربہ اور متعلقہ کمپنیوں) کے اراکین کے الگ الگ اجلاس بلانے اور اس کی اشاعت کا حکم دیا۔ سرکاری گزٹ میں اسکیم۔ اس کے بعد 25 نومبر 2022 کو تمام درخواست گزاروں کے ممبران کی الگ الگ میٹنگ ہوئی جس میں اس اسکیم کو متفقہ طور پر منظور کیا گیا۔ بعد ازاں اجلاس کے سات دنوں کے اندر ممبران کے اجلاس کے منٹس بھی سندھ ہائی کورٹ میں جمع کرائے گئے۔

SECP کے 23 جون 2022 کے خط کی تعمیل میں، الائیڈ انجینئرنگ اینڈ سروسز (پرائیویٹ) لمیٹڈ (مضاربہ میٹجمنٹ کمپنی کی ہولڈنگ کمپنی) نے اختلافی سرٹیفکیٹ ہولڈرز کے سرٹیفکیٹس روپے میں خریدے۔ 25 فی سرٹیفکیٹ جو کہ 12 ماہ کی اوسط پومیہ قیمت سے زیادہ ہے جو PSX کی جانب سے سویپ ریشو اور اسکیم کی منظوری کے لیے بورڈ میٹنگ کی تاریخ سے پہلے بتائی گئی ہے، یعنی روپے۔ 20.13 فی سرٹیفکیٹ، اور 31 دسمبر 2021 تک مضاربہ کے آڈٹ شدہ مالیاتی بیانات کے مطابق فی سرٹیفکیٹ کی کتاب کی قیمت، یعنی روپے۔ 22.44 فی سرٹیفکیٹ۔

درخواست 25 اکتوبر 2023 کو پاکستان کے سرکاری گزٹ میں شائع ہوئی تھی۔ اشاعت کے بعد، معاملے کی سماعت 26 دسمبر 2023 کو سندھ ہائی کورٹ میں ہوئی، سماعت کے بعد، سندھ ہائی کورٹ نے انتظامات کی اسکیم کی منظوری دیتے ہوئے حکم جاری کیا۔ ترتیب کی اسکیم میں، اسکیم کی موثر تاریخ ابتدائی طور پر 1 جولائی 2022 تجویز کی گئی تھی جب تک کہ SHC کی طرف سے بصورت دیگر اس کی وضاحت نہ کی گئی ہو، اور SHC نے 26 دسمبر 2023 کے اپنے حکم نامے میں اسکیم کی موثر تاریخ 01-Jan-24 متعین کی ہے۔ اس طرح، یہ کنڈنڈ عبوری مالی بیانات مضاربہ کے آخری مالی بیانات ہیں۔

ڈائریکٹرز کی رپورٹ

برائے مدت محترمہ ۳۱ دسمبر، ۲۰۲۳

الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، الائیڈ ریٹیل مضاربہ کی مینجمنٹ کمپنی، اپنے سرٹیفکیٹ ہولڈرز کو مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے سال 30 دسمبر 2023 کے ساتھ ختم ہونے والی ششماہی کی مدت کے لیے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہی ہے۔

000 روپے میں

مالیاتی جھلکیاں

6,148,407	اجارہ اثاثہ جات میں سرمایہ کاری
3,085,623	کل آمدنی بشمول صوبائی سیلز ٹیکس
286,874	خالص منافع برائے مدت
10.60%	خالص منافع کا مارجن
5.30%	ایکویٹی پر آمدنی
1.55:1	موجودہ شرح
Rs. 1.30	فی سرٹیفکیٹ آمدنی
Rs 25.1	فی سرٹیفکیٹ بریک اپ ویلیو

مضاربہ کی تنظیم نو

فنانس ایکٹ، 2021 کے مطابق، مضاربہ پر ٹیکس اسٹنٹی واپس لے لیا گیا ہے، جو یکم جولائی 2021 سے نافذ العمل ہے۔ اس دستبرداری کے نتیجے میں، مضاربہ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 7 ستمبر 2021 کو ہونے والی اپنی میٹنگ میں اس پر تبادلہ خیال کیا اور منظوری دی۔ مضاربہ کے موجودہ قانونی ڈھانچے کو از سر نو تشکیل دینے اور مضاربہ کے پورے موجودہ کاروبار کو جاری تشویش کی بنیاد پر، اس کے تمام اثاثوں اور ذمہ داریوں کو ان کی متعلقہ قیمتوں پر، بشمول تمام ہنگامی واجبات، دو الگ الگ قانونی اداروں کو منتقل کرنے کا منصوبہ۔

تنظیم نو کے منصوبے کے مطابق، مضاربہ کے موجودہ لاجسٹک کاروبار کو ایک نئے شامل کردہ ادارے - الائیڈ ٹرانسپورٹ اینڈ لاجسٹکس (پرائیویٹ) لمیٹڈ [اب الائیڈ ٹرانسپورٹ اینڈ لاجسٹکس لمیٹڈ (اے ٹی ایل)] (ایک متعلقہ فریق) کے نام سے جانا جاتا ہے [کو منتقل کیا جائے گا۔ اپنے تمام موجودہ اثاثوں، عملے اور ذمہ داریوں کے ساتھ۔ جبکہ مضاربہ کے دیگر باقیہ کاروباری طبقوں کو ان کے اثاثوں، عملے اور ذمہ داریوں کے ساتھ، بشمول تمام ہنگامی ذمہ داریاں، الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ [جو اب الائیڈ ریٹیل سروسز لمیٹڈ (مضاربہ کے نام سے جانا جاتا ہے) کو منتقل کیا جائے گا۔ مینجمنٹ کمپنی)] [انتظامیہ اثاثوں اور واجبات کی منتقلی کا ارادہ رکھتی ہے (بشمول ہنگامی ذمہ داریاں) مضاربہ کی کتابوں میں ظاہر ہونے والے اثاثوں اور واجبات کی منتقلی کی تاریخ کے تازہ ترین آڈٹ شدہ مالیاتی بیانات کے مطابق منتقلی کی تاریخ کی منظوری سے مشروط متعلقہ حکام۔ مضاربہ کے پاس موجود اثاثوں اور واجبات کی کیریئنگ ویلیو میں کوئی ایڈجسٹمنٹ نہیں کی گئی ہے۔ طویل مدتی اور قلیل مدتی کے درمیان بیلنس کی درجہ بندی کو ایڈجسٹ نہیں کیا گیا ہے کیونکہ کاروبار اور بیلنس کو ان کی متعلقہ اقدار پر تشویش کی بنیاد پر منتقل کیا جائے گا۔



Independent Auditor’s Review Report TO THE CERTIFICATE HOLDERS OF ALLIED RENTAL MODARABA Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Allied Rental Modaraba (the ‘Modaraba’) as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the “condensed interim financial statements”). Management of the Modaraba Management Company [Allied Engineering Management Company (Private) Limited] [now known as Allied Rental Services Limited] is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.3 to the enclosed condensed interim financial statements which describes the fact that a plan to restructure the current legal structure of the Modaraba has been approved by the Honourable High Court of Sindh (SHC), whereby the existing business of the Modaraba along with all assets and liabilities (including contingent liabilities) will be transferred on a going concern basis to two separate legal entities. There is no impact on the carrying values of assets and liabilities appearing in the books of the Modaraba as the management intends to carry out transfer of assets and liabilities at the carrying values as at the date of transfer. The SHC has sanctioned the scheme of arrangement effective from January 1, 2024.

Our opinion is not modified in respect of this matter.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 29, 2024

Engagement Partner: Junaid Mesia

UDIN: RR202310611vq5VJxU24

Condensed Interim Financial Position (Unaudited)

As at December 31, 2023

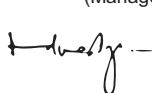
	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)			
ASSETS			
Non-current assets			
Ijarah assets	5	6,148,407,573	6,189,453,588
Fixed assets - in own use	6	195,375,154	204,377,216
Intangible asset	7	-	114,097
		6,343,782,727	6,393,944,901
Current assets			
Investment	8	3,781,896	31,934,583
Stores and spares	9	333,669,250	357,635,725
Ijarah rentals receivable	10	1,245,329,706	1,158,130,313
Operation and maintenance income receivable	11	43,628,955	32,353,136
Advances, deposits, prepayments and other receivable	12	328,815,305	457,367,736
Security deposits	13	231,009	231,009
Cash and bank balances	14	294,555,357	152,833,955
		2,250,011,478	2,190,486,457
Total assets		8,593,794,205	8,584,431,358
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized certificate capital			
250,000,000 (June 30, 2023: 250,000,000) modaraba certificates of Rs.10 each	15.1	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up certificate capital			
220,000,000 (June 30, 2023: 220,000,000) modaraba certificates of Rs.10 each	15.2	2,200,000,000	2,200,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory reserve	16	1,949,054,073	1,949,054,073
Unappropriated profit / (losses)		121,912,345	(166,591,907)
		5,526,678,918	5,238,174,666
LIABILITIES			
Non-current liabilities			
Deferred liability for staff gratuity	17	177,245,853	161,275,168
Compensated absences		21,819,000	23,848,987
Liability against right-of-use assets	18	-	12,297,944
Diminishing musharaka financing payable - secured	19	306,109,588	454,760,288
Deferred tax liability	20	1,081,431,072	1,083,539,360
Other long term liabilities	21	32,715,487	29,403,987
		1,619,321,000	1,765,125,734
Current liabilities			
Current maturity of liability against right-of-use assets	18	-	18,440,764
Current maturity of diminishing musharaka financing payable - secured	19	290,992,804	384,835,317
Current portion of other long term liabilities	21	7,032,677	9,829,551
Payable to the modaraba management company	22	21,227,686	10,341,384
Creditors, accrued and other liabilities	23	904,803,959	1,058,589,389
Running musharaka financing payable - secured		100,000,000	-
Contract liabilities (advance from customers)		122,939,570	98,296,962
Unclaimed dividend		797,591	797,591
		1,447,794,287	1,581,130,958
Total liabilities		3,067,115,287	3,346,256,692
Total equity and liabilities		8,593,794,205	8,584,431,358

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Profit and Loss Account (Unaudited)

For the six months and three months period ended December 31, 2023

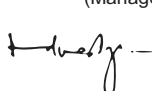
	Note	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- (Rupees) -----			
Ijarah rentals - net	25	2,598,715,996	2,441,969,977	1,327,725,782	1,237,959,856
Operation and maintenance income - net	26	96,258,531	92,797,455	51,731,131	47,595,725
		<u>2,694,974,527</u>	<u>2,534,767,432</u>	<u>1,379,456,913</u>	<u>1,285,555,581</u>
Operation, maintenance and Ijarah related expenses	27	(1,901,773,429)	(1,809,133,439)	(1,002,757,217)	(910,393,061)
Gross profit		<u>793,201,098</u>	<u>725,633,993</u>	<u>376,699,696</u>	<u>375,162,520</u>
Administrative and distribution expenses	28	(202,754,414)	(168,361,159)	(115,183,374)	(86,940,166)
Provision of impairment on Ijarah rentals receivable and operation and maintenance income receivable - net	10.1 & 11.1	(47,158,847)	(17,373,875)	(47,158,847)	(17,373,875)
Finance cost	29	(81,320,940)	(87,308,458)	(37,999,788)	(44,462,862)
Other income - net	30	65,894,689	53,610,057	44,018,014	46,285,867
		<u>(265,339,512)</u>	<u>(219,433,435)</u>	<u>(156,323,995)</u>	<u>(102,491,036)</u>
		<u>527,861,586</u>	<u>506,200,558</u>	<u>220,375,701</u>	<u>272,671,484</u>
Modaraba Management Company's remuneration		(5,000,000)	(5,650,000)	(5,000,000)	(5,650,000)
Provincial worker's welfare fund		(8,844,844)	(7,228,865)	(4,590,803)	(3,690,360)
Profit before taxation		<u>514,016,742</u>	<u>493,321,693</u>	<u>210,784,898</u>	<u>263,331,124</u>
Taxation	31	(227,142,623)	(154,991,078)	(101,760,403)	(75,192,678)
Profit after taxation		<u>286,874,119</u>	<u>338,330,615</u>	<u>109,024,495</u>	<u>188,138,446</u>
Earnings per certificate - basic and diluted	32	<u>1.30</u>	<u>1.54</u>	<u>0.50</u>	<u>0.86</u>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months and three months period ended December 31, 2023

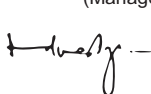
	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees) -----			
Profit after taxation	286,874,119	338,330,615	109,024,495	188,138,446
Other comprehensive income:				
Items that will not be subsequently reclassified to the statement of profit and loss				
Gain on remeasurement of the defined benefit plan obligation - net of deferred tax	1,630,133	-	1,630,133	-
Total comprehensive income	<u>288,504,252</u>	<u>338,330,615</u>	<u>110,654,628</u>	<u>188,138,446</u>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months period ended December 31, 2023

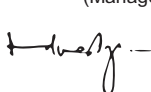
	Issued, subscribed and paid up certificate capital	Premium on issue of certificates	Statutory reserve	Unappropriated profit / (accumulated losses)	Total
Balance as at June 30, 2022 - audited	2,200,000,000	1,255,712,500	1,949,054,073	(468,339,791)	4,936,426,782
Total comprehensive income for the period					
Profit for the period - unaudited	-	-	-	338,330,615	338,330,615
Other comprehensive loss for the period - unaudited	-	-	-	-	-
Transaction with owners - recorded directly in equity					
Transfer to statutory reserve (at 20% of the profit for the period) - unaudited	-	-	67,666,123	(67,666,123)	-
Balance as at December 31, 2022 - unaudited	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>2,016,720,196</u>	<u>(197,675,299)</u>	<u>5,274,757,397</u>
Balance as on July 1, 2023 - audited	2,200,000,000	1,255,712,500	1,949,054,073	(166,591,907)	5,238,174,666
Total comprehensive income for the period					
Profit for the period - unaudited	-	-	-	286,874,119	286,874,119
	-	-	-	1,630,133	1,630,133
	-	-	-	288,504,252	288,504,252
Balance as at December 31, 2023 - unaudited	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>1,949,054,073</u>	<u>121,912,345</u>	<u>5,526,678,918</u>

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Cash Flow Statement (Unaudited)

For the six months period ended December 31, 2023

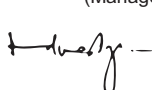
Note	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	514,016,742	493,321,693
Adjustments for:		
Depreciation for ijarah assets and fixed assets in own use	224,838,756	195,811,917
Amortisation	114,097	228,195
Provincial worker's welfare fund	8,844,844	7,228,865
Provision for impairment on ijarah rentals receivable and operation and maintenance income receivable	47,158,847	17,373,875
Provision for deferred liabilities - gratuity	19,547,276	15,166,718
Provision against spare parts	12,887,804	6,210,004
Finance cost	81,320,940	87,308,458
Amortisation of deferred government grant	-	(1,711,548)
Ijarah rentals receivable written off during the period	23,890,540	30,412,151
Gain on termination of lease liability	(4,642,213)	-
Exchange gain	(667,120)	10,742,802
Profit on deposit accounts with bank	(10,842,500)	(3,015,616)
Provision for long term employee benefits	(874,955)	(4,677,096)
Gain on disposal of Ijarah and fixed assets	(39,793,283)	(5,705,116)
	361,783,033	355,373,609
	875,799,775	848,695,302
(Increase) / decrease in assets		
Spare parts	11,078,671	(73,233,089)
Ijarah rentals receivable	(161,231,053)	(182,400,592)
Operation and maintenance income receivable	(8,293,546)	(29,953,439)
Advances, deposits, prepayments and other receivable	95,734,699	40,614,703
	(62,711,229)	(244,972,417)
Increase / (decrease) in operating liabilities		
Payable to the Modaraba Management Company	10,886,302	5,571,358
Creditors, accrued and other liabilities	(146,864,935)	55,123,170
Contract liabilities (advance from customers)	24,642,608	13,320,102
Other liabilities	514,626	2,766,945
	(110,821,399)	76,781,575
	702,267,147	680,504,460
Gratuity paid	(904,242)	(1,078,427)
Compensated absences paid	(1,155,032)	(969,398)
Profit on deposit accounts received	7,737,962	2,742,867
Income tax paid	(194,370,857)	(125,706,732)
Worker's Welfare Fund paid	(15,098,219)	(11,608,889)
Financial charges paid	(1,475,264)	(79,648,156)
	(205,265,652)	(216,268,735)
Net cashflow generated from operating activities	497,001,495	464,235,725
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure of Ijarah assets and fixed assets in own use	(264,440,553)	(496,099,844)
Proceeds from disposal of investment in Mutual Fund	28,152,687	-
Proceeds from disposal of Ijarah assets and fixed assets in own use	129,443,157	43,358,396
Net cashflow used in investing activities	(106,844,709)	(452,741,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution to the certificate holders	-	-
Diminishing musharaka financing availed	-	268,280,281
Long term borrowing availed	-	-
Running mushraka financing payable - net	100,000,000	-
Repayment of lease liability against right-of-use assets	(27,190,127)	(9,051,109)
Repayment of long term borrowings and deferred grant	-	(80,002,950)
Repayment of diminishing musharaka financing	(321,245,257)	(228,643,992)
Net cashflow used in financing activities	(248,435,384)	(49,417,770)
Net increase / (decrease) in cash and cash equivalents	141,721,402	(37,923,493)
Cash and cash equivalents at the beginning of the period	152,833,955	290,423,919
Cash and cash equivalents at the end of the period	294,555,357	252,500,426

The annexed notes from 1 to 37 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended December 31, 2023

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 [Now known as Allied Rental Services 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 the 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 May 10, 2006, authorized Allied Engineering Management Company (Private) Limited to float Allied Rental Modaraba (the Modaraba). The Modaraba commenced its operations on January 10, 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. The Modaraba is a non-financial Modaraba as it is primarily engaged in rental / ijarah and operations and maintenance of Caterpillar and other equipments.

- 1.2 The VIS Credit Rating Company Limited has assigned long term rating of A+ (2023: A+) and short term rating of A-1 (2023: A-1) to the Modaraba on August 7, 2023 (2023: August 7, 2023).

1.3 Restructuring of Modaraba

- 1.3.1 Pursuant to the Finance Act, 2021, the tax exemption on Modarabas has been withdrawn, effective from July 1, 2021. Consequent to this withdrawal, the Board of Directors of the Modaraba Management Company in their meeting held on September 7, 2021 discussed and approved a plan to restructure the current legal structure of the Modaraba and transfer the entire existing business of the Modaraba, on a going concern basis, along with all its assets and liabilities at their respective carrying values, including all contingent liabilities, to two separate legal entities.

As per the restructuring plan, the existing logistics business of the Modaraba will be transferred to a newly incorporated entity - Allied Transport & Logistics (Private) Limited [Now known as Allied Transport & Logistics Limited (ATL) (a related party)], along with all its existing assets, staff and liabilities. Whereas the other or remaining business segments of the Modaraba along with their assets, staff and liabilities, including all the contingent liabilities, will be transferred to the Allied Engineering Management Company (Private) Limited [Now known as Allied Rental Services Limited (the 'Modaraba Management Company')]. The management intends to carry out the transfer of assets and liabilities (including contingent liabilities) at the carrying values of assets and liabilities appearing in the books of the Modaraba as per the latest audited financial statements at the date of transfer subject to the approval of the relevant authorities. No adjustments have been made in the carrying value of assets and liabilities held by the Modaraba. The classifications of balances between long-term and short-term have not been adjusted as the businesses and balances will be transferred on a going concern basis at their respective carrying values.

The draft scheme of arrangement was finalised and submitted to the SECP - Registrar Modarabas for its approval. The SECP vide a letter no. SC/M/PRDD/Allied/2022-RS 49 / 134 dated June 23, 2022 has issued a no objection certificate (NOC) on the scheme of arrangement subject to the fulfilment of the following conditions:

- The modaraba shall determine a buy-back price in consultation with the PSX to buy shares from the dissenting certificate holders which shall not be lower than the 12 months' average daily price reported by PSX preceding to the date of the board meeting for approval of swap ratio and the scheme and the book value per certificate as per the audited financial statements as at December 31, 2021; and
- No objection certificate(s) shall be obtained from all the creditors before making a petition to the Court and certified true copies shall be submitted to the Registrar Modaraba.

Upon successfully obtaining NOCs from all creditors, the Modaraba and the related companies have filed the petition with the Honorable Sindh High Court (SHC) in the month of October 2022, for sanctioning of the scheme of arrangement. The first hearing at the Honorable Sindh High Court on the petition was held on October 19, 2022, whereby, the petition was admitted and the Court ordered to convene separate meetings of members of all the petitioners (i.e. Modaraba and related companies) and publication of the scheme in the official gazette. Thereafter, separate meetings of members of all the petitioners were held on November 25,

2022 whereby, the scheme was approved unanimously. Minutes of the meetings of members were also submitted to the SHC subsequently within seven days of the meeting.

In compliance with the SECP's letter dated June 23, 2022, the Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company) purchased certificates of the dissenting certificate holders at Rs. 25 per certificate which is more than the 12 months' average daily price reported by PSX preceding to the date of the board meeting for approval of swap ratio and the scheme, i.e. Rs. 20.13 per certificate, and the book value per certificate as per the audited financial statements of the Modaraba as at December 31, 2021, i.e. Rs. 22.44 per certificate.

The petition was published in the official gazette of Pakistan on October 25, 2023. Following the publication, the matter was heard at the SHC on December 26, 2023, after the hearing, the SHC issued an order, sanctioning the scheme of arrangement. In the scheme of arrangement, the effective date of the scheme was initially proposed to be July 1, 2022 unless otherwise specified by the SHC, and the SHC in its order dated December 26, 2023 has defined the effective date of the scheme to be January 01, 2024. Thus these condensed interim financial statements are the last financial statements of the Modaraba.

As per the scheme of arrangement, the certificate holders of the Modaraba will be allotted 0.211 shares in Modaraba Management Company and 0.588 shares in ATL, for each certificate in the Modaraba.

Upon Modaraba's request, the Pakistan Stock Exchange Limited has suspended trading in the certificates of the Modaraba with effect from February 23, 2024.

The licence of the Modaraba Management Company will be surrendered to the Registrar Modarabas and the SECP after the completion of the aforementioned scheme of arrangement.

More than 90 percent of the certificates are held directly and indirectly by the associated and the group companies by virtue of which this restructuring will be considered as a transaction under common control and will be accounted for under predecessor method of accounting in accordance with the requirements of 'Accounting for Common Control Transactions' standard (which specifies the accounting for common control transactions) issued by the SECP. Currently, there is no potential impact that requires adjustment to the carrying values and classification of assets and liabilities in the books of the Modaraba as at the reporting date.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulation, 2021;
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs), the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

- 2.2** The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These

condensed interim financial statements does not include all the disclosures and statements required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.

- 2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency and all the figures presented in these condensed financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

2.5 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the following:

- Right-of-use assets and their related lease liability are carried at present value of future lease rentals adjusted for any lease payments made at or before the commencement date of the lease;
- Obligation in respect of staff gratuity is measured at present value of defined benefit obligations;
- Compensated absences are carried at present value.

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.
- 3.2 The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2023.

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

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not effective

There are certain other new and amended standards, interpretations that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.

5 IJARAH ASSETS

Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	(Rupees)	
Ijarah assets	6,020,605,105	6,039,626,525
Capital work-in-progress	127,802,468	149,827,063
	<u>6,148,407,573</u>	<u>6,189,453,588</u>

5.1 Ijarah assets

December 31, 2023 (Unaudited)				
	Generators and related equipments	Logistics Vehicles	Machines	Total
	(Rupees)			
At July 1, 2023				
Cost	7,655,591,541	2,121,252,923	1,401,190,499	11,178,034,963
Accumulated depreciation	(3,672,931,964)	(809,701,820)	(539,408,709)	(5,022,042,493)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at July 1, 2023	<u>3,866,860,632</u>	<u>1,311,551,103</u>	<u>861,214,790</u>	<u>6,039,626,525</u>
Additions during the period	253,117,081	7,857,594	-	260,974,675
Disposals during the period				
Cost	(61,613,363)	(30,984,485)	(23,046,256)	(115,644,104)
Accumulated depreciation	13,111,986	12,469,909	7,608,945	33,190,840
	(48,501,377)	(18,514,576)	(15,437,311)	(82,453,264)
Transfers during the period				
Cost	-	112,063,701	(112,063,701)	-
Accumulated depreciation	-	(56,679,189)	56,679,189	-
	-	55,384,512	(55,384,512)	-
Impairment during the period	-	-	-	-
Depreciation charge for the period	(125,648,809)	(43,241,626)	(28,652,396)	(197,542,831)
Closing net book value as at December 31, 2023	<u>3,945,827,527</u>	<u>1,313,037,007</u>	<u>761,740,571</u>	<u>6,020,605,105</u>
At December 31, 2023				
Cost	7,847,095,259	2,210,189,733	1,266,080,542	11,323,365,534
Accumulated depreciation	(3,785,468,787)	(897,152,726)	(503,772,971)	(5,186,394,484)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at December 31, 2023	<u>3,945,827,527</u>	<u>1,313,037,007</u>	<u>761,740,571</u>	<u>6,020,605,105</u>
Life (years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	
June 30, 2023 (Audited)				
	Generators and related equipments	Logistics Vehicles	Machines	Total
	(Rupees)			
At July 1, 2022				
Cost	7,182,828,489	2,153,670,539	1,425,848,022	10,762,347,050
Accumulated depreciation	(3,490,551,843)	(783,816,082)	(489,855,977)	(4,764,223,902)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at July 1, 2022	<u>3,576,477,701</u>	<u>1,369,854,457</u>	<u>935,425,045</u>	<u>5,881,757,203</u>
Additions during the year	536,276,473	85,751,603	7,527,124	629,555,200
Disposals during the year				
Cost	(63,513,421)	(118,169,219)	(32,184,647)	(213,867,287)
Accumulated depreciation	33,189,401	55,208,615	9,585,836	97,983,852
	(30,324,020)	(62,960,604)	(22,598,811)	(115,883,435)
Transfer during the year				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Impairment during the year	-	-	-	-
Depreciation charge for the year	(215,569,522)	(81,094,353)	(59,138,568)	(355,802,443)
Closing net book value as at June 30, 2023	<u>3,866,860,632</u>	<u>1,311,551,103</u>	<u>861,214,790</u>	<u>6,039,626,525</u>
At June 30, 2023				
Cost	7,655,591,541	2,121,252,923	1,401,190,499	11,178,034,963
Accumulated depreciation	(3,672,931,964)	(809,701,820)	(539,408,709)	(5,022,042,493)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at June 30, 2023	<u>3,866,860,632</u>	<u>1,311,551,103</u>	<u>861,214,790</u>	<u>6,039,626,525</u>
Life (years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	

- 5.2 This represents advances for the purchase of equipments, trucks and overhauling of generators.
- 5.3 During the period, the Modaraba acquired certain equipments and parts amounting to Rs. 53.163 million (December 31, 2022: Rs. 31.366 million) from related party, Allied Engineering and Services (Private) Limited (AESL), an associate company.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)			
6 FIXED ASSETS - IN OWN USE			
Operating fixed assets	6.1	195,375,154	204,377,216

6.1 Operating fixed assets

December 31, 2023 (Unaudited)				
Furniture and fixtures	Other equipments	Vehicles	Right-of-use asset	Total
(Rupees)				
At July 1, 2023				
Cost	20,212,840	23,358,215	254,259,871	389,348,402
Accumulated depreciation	(17,958,519)	(19,524,499)	(81,240,878)	(184,971,186)
Net book value as at July 1, 2023	2,254,321	3,833,716	173,018,993	204,377,216
Additions during the period	-	-	42,780,600	42,780,600
Disposals during the period				
Cost	-	(123,300)	(17,175,546)	(17,298,846)
Accumulated depreciation	-	75,349	10,026,887	10,102,236
	-	(47,951)	(7,148,659)	(7,196,610)
Depreciation charge for the period	(291,947)	(1,228,444)	(17,795,475)	(27,295,925)
Termination of right-of-use asset				
Cost	-	-	(91,517,476)	(91,517,476)
Accumulated depreciation	-	-	74,227,349	74,227,349
	-	-	(17,290,127)	(17,290,127)
Closing net book value as at December 31, 2023	1,962,374	2,557,321	190,855,459	195,375,154
At December 31, 2023				
Cost	20,212,840	23,234,915	279,864,925	323,312,680
Accumulated depreciation	(18,250,466)	(20,677,594)	(89,009,466)	(127,937,526)
Net book value as at December 31, 2023	1,962,374	2,557,321	190,855,459	195,375,154
Life (years)	3	3	4 to 8	

June 30, 2023 (Audited)				
Furniture and fixtures	Other equipment	Vehicles	Right-of-use asset	Total
(Rupees)				
At July 1, 2022				
Cost	18,461,160	23,166,819	205,912,998	339,058,453
Accumulated depreciation	(17,317,695)	(18,059,468)	(64,851,532)	(148,861,337)
Net book value as at July 1, 2022	1,143,465	5,107,351	141,061,466	190,197,116
Additions during the year	1,751,680	933,838	74,546,043	77,231,561
Disposals during the year				
Cost	-	(742,442)	(26,199,170)	(26,941,612)
Accumulated depreciation	-	742,404	14,112,268	14,854,672
	-	(38)	(12,086,902)	(12,086,940)
Depreciation charge for the year	(640,824)	(2,207,435)	(30,501,614)	(50,964,521)
Closing net book value as at June 30, 2023	2,254,321	3,833,716	173,018,993	204,377,216
At June 30, 2023				
Cost	20,212,840	23,358,215	254,259,871	389,348,402
Accumulated depreciation	(17,958,519)	(19,524,499)	(81,240,878)	(184,971,186)
Net book value as at June 30, 2023	2,254,321	3,833,716	173,018,993	204,377,216
Life (years)	3	3	4 to 8	

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)	
(Rupees)				
7	INTANGIBLE ASSET			
	Computer Software	7.1	-	114,097
7.1	Computer Software			
	Cost	9,471,794	9,471,794	
	Accumulated depreciation	(9,357,697)	(8,901,308)	
	Opening net book value	114,097	570,486	
	Additions during the period / year		-	
	Disposals during the period / year			
	Cost	-	-	
	Accumulated depreciation	-	-	
	Amortisation charge for the period / year	(114,097)	(456,389)	
	Closing net book value	-	114,097	
	Life over which cost of the asset is amortised	4 years	4 years	
8	INVESTMENT			
	Investment in Mutual Fund - at fair value through profit or loss	3,781,896	31,934,583	
9	STORES AND SPARES			
	Balance as at the period / year end	412,028,048	423,106,719	
	Provision against spare parts	9.1	(78,358,798)	(65,470,994)
		333,669,250	357,635,725	
9.1	Provision against spare parts			
	Opening balance	65,470,994	40,052,550	
	Charge for the period / year	27	12,887,804	25,418,444
	Closing balance	78,358,798	65,470,994	
10	IJARAH RENTALS RECEIVABLE			
	Balance as at the period / year end	1,559,642,861	1,446,192,888	
	Provision against ijarah rentals receivable	10.1	(314,313,155)	(288,062,575)
		1,245,329,706	1,158,130,313	
10.1	Provision against ijarah rentals receivable			
	Opening balance	288,062,575	296,303,642	
	Charge during the period / year	50,141,120	32,111,683	
	Written off during the period / year	(23,890,540)	(40,352,750)	
	Closing balance	314,313,155	288,062,575	

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)			
11	OPERATION AND MAINTENANCE INCOME RECEIVABLE		
	Balance as at the period / year end	49,980,825	41,687,279
	Provision against operation and maintenance income receivable	11.1 (6,351,870)	(9,334,143)
		<u>43,628,955</u>	<u>32,353,136</u>
11.1	Provision against operation and maintenance income receivable		
	Opening balance	9,334,143	8,460,374
	Reversal / charge during the period / year	(2,982,273)	873,769
	Closing balance	<u>6,351,870</u>	<u>9,334,143</u>
12	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE		
	Income tax recoverable	12.1 250,944,381	286,866,651
	Federal Excise Duty (FED) receivable	24.1.2 -	50,000,000
	Federal sales tax refundable	24.1.3 9,896,473	9,896,473
	Sales tax on imports refundable	12.2 4,182,666	4,182,666
	Advances (unsecured):		-
	- to suppliers for purchase of fixed assets - in own use	-	24,177,517
	- to suppliers for expenses	12,644,671	52,937,499
	- to employees against salary (interest free & secured against retirement benefit)	3,212,891	3,010,743
	- to employees for expenses	12.3 2,007,462	1,397,049
	Security deposits	12.4 40,077,583	22,285,583
	Accrued income on profit or loss sharing bank accounts	3,792,691	688,153
	Insurance claim receivable	-	88,420
	Others	12.5 2,385,747	2,166,242
		<u>329,144,565</u>	<u>457,696,996</u>
	Less: provision against deposits and other receivables	12.6 (329,260)	(329,260)
		<u>328,815,305</u>	<u>457,367,736</u>

12.1 This includes advance tax paid to Federal Board of Revenue (FBR) of Rs. 2.018 million (June 30, 2023: Rs. 8.8510 million), taxes collected at source at import stage by the collector of customs of Rs. 4.401 (June 30, 2023: Rs. 18.826 million) and withholding of taxes of Rs. 187.952 million (June 30, 2023: Rs. 290.177 million) from various payments made to Modaraba. An amount of Rs. 230.293 million (June 30, 2023: Rs. 450.67 million), representing income tax payable as at December 31, 2023, is netted off from the gross balance of tax recoverable.

12.2 The Modaraba filed Constitutional Petition in the High Court of Sindh, against levy of additional sales tax (AST) @ 3% at the time of import of equipment. The Sindh High Court stayed the said levy vide its order dated January 1, 2013. After the grant of the stay order and on the direction of the Sindh High Court, the amount of 3% additional sales tax amounting to Rs. 4.183 million has been deposited with the Nazir of the court for release of various consignments received thereafter. Later on the Ministry of Finance, Economic Affairs, Statistics and Revenue (Revenue Division) vide SRO No. 367(1)/2013 dated May 8, 2013 also exempted Service Industry from levy of additional sales tax hence admitted the legal advisor's contentions. The management believes that the petition will be decided in the Modaraba's favour. Once decided, the amount deposited with the Nazir will be released. Accordingly, no provision has been recognised in these condensed interim financial statements.

12.3 These represent advances given to employees for expenses. The maximum amount receivable at the end of any month during the period was Rs. 3.361 million (June 30, 2023: Rs. 2.874 million).

- 12.4** These include a cash margin and security deposits of Rs. 35.096 million (June 30, 2023: Rs. 19.756 million) held by the Banks as security for the guarantees of the same amount given by them on behalf of the Modaraba to its suppliers / customers.
- 12.5** This includes an amount of Rs. 1.788 million (June 30, 2023: Rs. 1.676 million) receivable from Allied E-Commerce Solutions (Private) Limited - a related party, against sale of ijarah asset and payments made on behalf of the Modaraba.

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	(Rupees)	
12.6 Provision against deposits and other receivables		
Opening balance	329,260	329,260
Charge during the period / year	-	-
Closing balance	<u>329,260</u>	<u>329,260</u>

13 SECURITY DEPOSITS

The balance comprises of amount deposited with Central Depository Company of Pakistan Limited and K-Electric Limited.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
		(Rupees)	
14 CASH AND BANK BALANCES			
Balances with banks in:			
- current accounts		78,554,452	63,018,788
- deposit accounts	14.1	215,675,069	89,277,356
Cash in hand		294,229,521	152,296,144
		<u>325,836</u>	<u>537,811</u>
		<u>294,555,357</u>	<u>152,833,955</u>

- 14.1** These balances carry profit at rates ranging from 15.80% to 20.5% per annum (June 30, 2023: 3.40% to 13.50% per annum).

15 AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

15.1 Authorised certificate capital

December 31, 2023 (Unaudited)	June 30, 2023 (Audited)		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Number of certificates)			(Rupees)	
<u>250,000,000</u>	<u>250,000,000</u>	Modaraba certificates of Rs. 10 each	<u>2,500,000,000</u>	<u>2,500,000,000</u>

15.2 Issued, subscribed and paid-up certificate capital

220,000,000	220,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	1,726,250,000	1,726,250,000
47,375,000	47,375,000	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	473,750,000	473,750,000
<u>267,375,000</u>	<u>267,375,000</u>		<u>2,200,000,000</u>	<u>2,200,000,000</u>

16 STATUTORY RESERVE

Statutory reserve represents profits set aside to comply with the Modaraba Regulations, 2021 issued by the SECP. Until June 30, 2022, the Modaraba Regulations 2021 required every Modaraba to transfer not less than 20% and not more than 50% of its after-tax profit till such time that reserves equal 100% of the paid-up capital. Effective from August 15, 2022, the Modaraba Regulations, 2021 have been amended which states that a Modaraba (if compliant with the minimum equity requirement) may create a reserve fund to which shall be credited an amount of its after-tax profits.

During the current period, the Modaraba has transferred an amount of Rs. Nil (December 31, 2022: Rs. 67.666 million).

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	(Rupees)	
17 DEFERRED LIABILITY FOR STAFF GRATUITY		
Deferred liability for staff gratuity	177,245,853	161,275,168

18 Liability against right-of-use assets

These represent the present value of the future annual rent of different properties obtained on rent by the Modaraba. These are payable as follows:

	December 31, 2023 (Unaudited)		June 30, 2023 (Audited)	
	Minimum Lease Payments	Present Value of minimum lease payments	Minimum Lease Payments	Present Value of minimum lease payments
	(Rupees)		(Rupees)	
Not later than one year	-	-	20,350,000	18,440,764
Later than one year but not later than five years	-	-	12,512,500	12,297,944
Later than five years	-	-	-	-
	-	-	32,862,500	30,738,708
Financial charges allocated to future periods	-	-	(2,123,792)	-
	-	-	30,738,708	30,738,708
Less: current maturity	-	-	(18,440,764)	(18,440,764)
	-	-	12,297,944	12,297,944

The lease agreement has been terminated on December 31, 2023 with the mutual consent of the Modaraba and the Allied Engineering and Services (Private) Limited (the Lessor).

19 DIMINISHING MUSHARAKA FINANCING PAYABLE - SECURED

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
		(Rupees)	
Musharaka finance	19.1	597,102,392	839,595,605
Due within one year		(290,992,804)	(384,835,317)
		306,109,588	454,760,288

- 19.1 The total facility from Musharaka finance available from financial institutions amounts to Rs. 597.102 million (June 30, 2023: Rs. 839.596 million). These facilities have maturities from February 1, 2024 to October 24, 2027 (June 30, 2023: July 10, 2023 to October 24, 2027) and are secured against the hypothecation of Ijarah assets amounting to Rs. 2,496.270 million (June 30, 2023: Rs 2,938.433 million). Share of profit payable on these facilities ranges between 17.87% to 25.04% per annum (June 30, 2023: 11.28% to 23.57%) per annum.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)			
20 DEFERRED TAX LIABILITY			
Deferred tax liability	20.1	1,081,431,072	1,083,539,360

20.1 Movement in temporary differences during the period:

	As at July 1, 2023	Recognised in P&L	Recognised in OCI	As at December 31, 2023
----- Rupees -----				
Taxable temporary differences on				
- Ijarah assets	1,228,765,127	34,502,901	-	1,263,268,028
- Fixed assets - in own use	35,547,267	(29,082,322)	-	6,464,945
	1,264,312,394	5,420,579	-	1,269,732,973
Deductible temporary differences on				
- Deferred liability for staff gratuity	(62,897,316)	(7,270,783)	1,042,216	(69,125,883)
- Liability against right-of-use assets	(11,988,096)	11,988,096	-	-
- Ijarah rentals receivable	(102,775,814)	(14,223,505)	-	(116,999,319)
- Operation and maintenance income receivable	(3,111,808)	935,109	-	(2,176,699)
	(180,773,034)	(8,571,083)	1,042,216	(188,301,901)
	1,083,539,360	(3,150,504)	1,042,216	1,081,431,072

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)		
21 OTHER LONG TERM LIABILITIES		
Employee car scheme - deductions	39,748,164	39,233,538
Current portion of employee car scheme - deductions	7,032,677	9,829,551
Non-current portion of employee car scheme - deductions	32,715,487	29,403,987

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

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)			
22 PAYABLE TO THE MODARABA MANAGEMENT COMPANY			
Remuneration payable to the Management Company - net		5,000,000	9,041,384
Sindh Sales Tax payable on remuneration of the Management Company		650,000	1,300,000
Loan payable	22.1	15,577,686	-
		21,227,686	10,341,384

22.1 This represent interest free loan payable on demand to the Modaraba Management Company.

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)	
(Rupees)				
23	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Creditors	23.1	622,726,132	876,914,061
	Accrued expenses	23.2	193,042,667	125,662,315
	Payable to Worker's Welfare Fund		8,942,398	15,195,773
	Tax deduction at source from			
	- employees		1,819,203	2,413,387
	- suppliers		10,573,090	1,723,932
	Sales tax payable		67,700,469	36,679,921
			<u>904,803,959</u>	<u>1,058,589,389</u>

23.1 This includes Rs. 414.775 million (June 30, 2023: Rs. 582.492 million) and Rs. 8.504 million (June 30, 2023: Rs. 5.871 million) payable to Allied Engineering and Services (Private) Limited - related party and Apex Machinery (Private) Limited - a related party, for various purchases and services availed by the Modaraba.

23.2 This includes an accrual of financial charges of Rs. 20.017 million (June 30, 2023: Rs. 18.146 million) and Rs. 0.457 million (June 30, 2023: Nil) in respect of Diminishing Musharak and Running Musharaka.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

Contingencies outstanding as at December 31, 2023 are as follows:

24.1.1 Sindh Sales Tax on operations and maintenance services of the Modaraba

During the year ended June 30, 2014, the Assistant Commissioner - Sindh Revenue Board (SRB) issued an order no. 160 of 2013 dated July 12, 2013 demanding Sindh sales tax of Rs. 25.633 million at 16% on total operation and maintenance income amounting to Rs 160.204 million of the Modaraba for the year ended June 30, 2014.

Considering the nature of operation and maintenance services, their geographical limitations and method of computation relating to levy of provincial sales tax on services as envisaged in the Sindh Sales Tax on Services Act 2011, the Modaraba filed an appeal with the Commissioner Appeals - (SRB). Simultaneously, the Modaraba also filed a Constitutional petition in the Honourable High Court of Sindh relating to the levy of Sindh Sales Tax by virtue of which the Honourable High Court of Sindh stayed the demand of Sindh Sales Tax vide its order dated October 11, 2013. Subsequently, the Honourable High Court of Sindh issued a judgment dated January 27, 2014 directing SRB not to take any coercive action against the Modaraba till the decision has been reached in appeal pending before the Commissioner (Appeals) - (SRB).

The Commissioner (Appeals) - (SRB) vide an order in appeal number 16/2014 dated February 25, 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 Modaraba had filed a Constitutional Petition CP No. D-1190 in the Honourable High Court of Sindh against the order of the Commissioner (Appeals) - Sindh Revenue Board (SRB) by virtue of which the Honourable High Court of Sindh vide its order dated March 11, 2014 had suspended the operation of the impugned order of the Commissioner (Appeals) - SRB. Subsequently, the Sindh Revenue Board Tribunal was constituted and became functional in June 2015. The Modaraba, on the direction of the Honourable High Court of Sindh, filed an appeal to the Tribunal.

The Tribunal disposed of the appeal in favour of Modaraba. However, the Commissioner has demanded the said tax dues along with default surcharge. The Modaraba has filed an appeal with the Commissioner

(Appeals) along with applications for stay of demand which remains undisposed, therefore, the Modaraba filed a petition dated May 15, 2018 in the Honourable High Court of Sindh for the stay of demand and the Court granted a stay order till the next date of hearing.

The Commissioner (Appeals) issued an order dated April 23, 2019 against the Modaraba and directed the tax officer to work out the sales tax liability on the 'equipment rental agreements' along with the default surcharge considering them taxable under tariff heading "Commodity or equipment leasing" by also setting aside tax officer's grounds to charge tax under the category of "Contractual execution of work or furnishing supplies".

The Modaraba and the Assistant commissioner had filed appeals against the said order in ATIR. ATIR issued an Order No. AT 56/2019 dated November 13, 2019 setting aside both the orders in original no. 457/2018 and order in appeal no. 89/2019 and held that the services of "operation and maintenance" neither fell within the ambit of tariff heading "Contractual execution of work or furnishing supplies" nor "Commodity or equipment leasing". Both the appeals were allowed and the case was remanded back to the assessing officer to hear the parties afresh. The Tribunal required the assessing officer to first determine the actual nature of services provided or rendered by the taxpayer and then to invoke proper tariff heading under which such services falls for the purpose of taxing the services provided or rendered by the taxpayer and consider available exemption notifications and allow the benefits of the same to the taxpayer, if applicable. The officer, through the letter dated December 24, 2019, had initiated the remand back proceedings.

During the year ended June 30, 2020, an Order-in-Original No. 34 of 2020 dated February 27, 2020 was passed on an ex-parte basis whilst finalising the matter remanded back by the ATIR in its order dated November 13, 2019. In the said order, the officer changed the earlier stance and now concluded that 'Operating and Maintenance' services provided by the Modaraba are taxable under "Others, including the services provided or rendered by non-banking, finance companies, modaraba and musharaka companies and other financial institutions" of the Second Schedule to the Sindh Sales Tax on Services Act, 2011.

The Modaraba has filed an appeal before Commissioner (Appeals) and the decision in this respect is pending to date . As per the opinion of the tax advisor the management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision amounting to Rs. 12.238 million has been made in these condensed interim financial statements.

24.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On March 11, 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding a Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @16% of gross receipts of the Modaraba for the above mentioned tax years) 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 March 16, 2016. The Modaraba had paid an amount of Rs 50 million to the Federal Board of Revenue under protest 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 Honourable 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 June 2, 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from July 1, 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 June 03, 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 had filed appeals with the Honourable Appellate Tribunal Inland Revenue (ATIR) which is pending for hearing.

Subsequently, appeals have been filed in the Honourable Supreme Court of Pakistan by the counterparties aggrieved by the above mentioned order of SHC which is pending for hearing.

During the year ended June 30, 2022 the hearing of ATIR was held on September 16, 2021. The order dated September 21, 2021 was passed by ATIR stating that "Under the light of the decision of SHC CP-3184/2014 in the favour of the Modaraba, it is concluded that both the orders for the charge years have already been quashed and set aside by the Honourable Court, therefore, there is no place for this forum for any further comments or action".

During the year ended June 30, 2023, Deputy Commissioner Inland Revenue, Sales Tax Refund (DCIR STF) passed sales tax refund order amounting Rs. 50 million dated May 15, 2023. The Modaraba received the said order on August 23, 2023.

During the current period, on September 14, 2023, the said amount of Rs. 50 million has been deposited in the bank account of the Modaraba.

24.1.3 The Commissioner had demanded, through an assessment order no. 11/30 of 2019 dated April 26, 2019 and an order no. 01 of 2018 dated June 27, 2018, sales tax amounting to Rs. 21.47 million and Rs. 26.228 million in respect of disposal of ijarah asset during the year ended 2015 and 2014 respectively against disposal value of Rs. 126.28 million and Rs. 154.64 million respectively. The Modaraba had filed an appeal with Commissioner (Appeal) and paid ten percent of the demanded amounts. Against the order no. 01 of 2018, the hearing of the appeal was made on September 23, 2021. The appellate ordered under section 45B to pay the liable amount along with the default surcharge and penalty @ 5%. Against the order no. 11/30, hearing of the appeal was made on October 8, 2021. The authority ordered under section 45B of sales tax act, 1990 to pay the liable amount along with default surcharge @ 5%. The order was received dated December 14, 2021 to pay the total ordered amount on or before December 21, 2021.

The appeal before the CIR (A) was filed vide the letter DST 055 dated July 1, 2018 in respect of sales tax on disposal of ijarah assets. The CIA (A) wide appeal-in-order dated October 29, 2021 maintained the action of ACIR. The Modaraba then filed appeal before the ATIR, the ATIR vide its order dated December 1, 2023 maintained the order of ACIR.

The Modaraba approached the Honorable Sindh High Court (SHC) for stay which has been granted vide order December 9, 2023. The Modaraba has filed reference application with the SHC which is pending.

During the year ended June 30, 2021, the Modaraba further received notices for the tax years 2016 and 2017 demanding sales tax amounting to Rs. 48.77 million in respect of disposal of ijarah assets during the year ended 2016 and 2017 against aggregate disposal value of Rs. 286.88 million.

The appeal on aforementioned matter was finalised vide Order No. OIR/Enforcement-1/S/2020/48/03 dated February 2, 2021 demanding sales tax of Rs. 48.769 million along with a penalty under section 33(5) of Rs. 2.438 million. The Modaraba has deposited payment under protest of Rs. 5.181 million (adjusted from income tax refundable) and filed an appeal against the above order before the ATIR.

The management, in consultation with its tax advisor, believes that the outcome of the cases will be in their favour and, accordingly, no provision has been made in these condensed interim financial statements. Further, the under protest payment of Rs. 9.896 million has been shown as a refundable balance in note 12 of these condensed interim financial statements.

24.1.4 Deputy Commissioner Inland Revenue (CIR) issued an order D.C. no. 21/03 dated June 9, 2018 in respect of tax audit for the tax year 2012. The CIR raised a tax demand amounting to Rs. 8.152 million against the profit on ijarah financing, gain on disposed of ijarah assets and the management fee. The Modaraba has filed an appeal with Commissioner Inland Revenue (Appeal) against the order. The management in consultation with the tax advisor, believes that the outcome of the appeal will be in favour of the Modaraba and, accordingly, no provision has been made in these condensed interim financial statements.

24.1.5 The Additional Commissioner Inland Revenue (ACIR) issued an order DC No. 02/29 dated October 7, 2020. The order stated on the basis of scrutiny of return and monthly / annual statements filed by the Modaraba for the tax year 2015 that the Modaraba has not deducted / partially deducted taxes from the payments against expenses made during the year. In the order, short deductions of tax were calculated by the department on the entire amount of the expenditures claimed in the return (Rs. 1.346 billion). The department demanded Rs. 232.83 million from the Modaraba along with the default surcharge u/s 205 of Rs. 41.91 million.

The Modaraba filed an appeal against the assessment with the Commissioner Inland Revenue Appeals CIR (A). The appeal was heard on February 12, 2021, May 4, 2021 and later on October 11, 2021. The appeal has been decided by the CIR (A) vide his order dated November 25, 2021, in which the assessment has been set-aside and remanded back to the assessing officer. Re-assessment proceedings have been initiated but the same has not been concluded.

24.1.6 The Additional Commissioner Inland Revenue (ACIR) issued an order dated June 30, 2022. The order stated upon the scrutiny of return and monthly / annual statements filed by the Modaraba for the tax year 2016 that the Modaraba has not deducted / partially deducted taxes from the payments against purchase of fixed assets. The department demanded Rs. 11.94 million from the Modaraba along with the default surcharge u/s 205 and penalty u/s 182 of Rs. 1.43 million and Rs. 1.19 million respectively.

The Modaraba had filed an appeal against the assessment with the Commissioner Inland Revenue Appeals CIR (A). The appeal was decided by the CIR (A) vide his order dated December 23, 2022. The assessment has been set-aside and remanded back to the assessing officer. Re-assessment proceedings have not been initiated.

24.1.7 Additional Commissioner Inland Revenue (ACIR) issued an order dated June 27, 2023. The order stated on the basis of scrutiny of return and monthly / annual statements filed by the Modaraba for the tax year 2017 that the Modaraba has not deducted taxes from the payments against expenses amounting Rs. 24.91 million. The department demanded Rs. 2.94 million from the Modaraba along with the default surcharge u/s 205 and penalty u/s 182 of Rs. 0.29 million and Rs. 0.24 million respectively.

Appeal against the assessment has been filed with the Commissioner Inland Revenue Appeals CIR (A) and is pending for adjudication. The management in consultation with the tax advisor, believes that the outcome of the appeal will be in favour of the Modaraba and, accordingly, no provision has been made in these condensed interim financial statements.

24.1.8 The Additional Commissioner Inland Revenue, through its order dated December 30, 2020 has amended the tax return filed by the Modaraba for the tax year 2018. The order was based on the following references:

- The ACIR has rejected the tax exemption under clause 100 Part I of Second schedule to the Ordinance and imposed tax @ 30% on the income of Rs. 1.342 billion. The rejection is alleged on the premise that the amount transferred to statutory reserve is not as prescribed under the prudential regulations for Modarabas.
- The Modaraba's tax deductions under section 148(1) of the Ordinance amounting to Rs. 40.93 million is treated as a tax under the final tax regime under section 148(7) of the Ordinance (and not as tax recoverable). This was based on the inference that income for this year is not exempt as the conditions were not met and as such tax collected under section 148 is alleged to be final tax.
- Credit of taxes claimed for taxes paid / deducted aggregating to Rs. 142.66 million has been disallowed pending the provision of evidence.
- After taking into account the above, taxable income of Rs. 1.342 billion has been assessed and income tax of Rs. 350.25 million has been demanded.

Appeals have been filed by the Modaraba before the tax authorities and an application has been filed with the Sindh High Court in this regard for a stay order. The CIR(A) vide its appellate order dated May 25, 2021 issued under section 29 of the Ordinance has adjudicated on the Modaraba's appeal. The Modaraba has now filed an appeal on the adjudication before ATIR which is pending hearing. A stay has been granted by ATIR till August 21, 2021.

The management, based on the merits of the case and on the basis of its tax advisor's views, is confident that the above matter will be decided in favour of the Modaraba and hence no provision has been made in these condensed interim financial statements.

Refer notes 12.1 and 12.2 also.

December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees)	

24.2 Commitments

Capital commitments and financial guarantees

-	16,097,784
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December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees)	

25 IJARAH RENTALS - net

Ijarah rentals
Sales tax

2,978,133,371	2,717,993,284
(379,417,375)	(276,023,307)
<u>2,598,715,996</u>	<u>2,441,969,977</u>

26 OPERATION AND MAINTENANCE INCOME - net

Operation and maintenance income
Sales tax

107,489,668	102,782,944
(11,231,137)	(9,985,489)
<u>96,258,531</u>	<u>92,797,455</u>

27 OPERATION, MAINTENANCE AND IJARAH RELATED EXPENSES

Salaries, wages and other staff benefits
Depreciation expense
Repairs and maintenance expenses
Fleet vehicles running expenses
Vehicles running expenses
Insurance expense - equipments
Transportation cost
Travelling, conveyance and other expenses
Rent expense
Provision against slow moving spares

5.1

9.1

653,355,621	619,226,728
197,542,831	169,946,677
196,296,720	207,534,878
713,678,853	682,706,780
58,748,257	46,853,173
22,835,056	22,899,078
29,411,784	39,469,355
4,725,130	5,203,310
12,291,373	9,083,456
12,887,804	6,210,004
<u>1,901,773,429</u>	<u>1,809,133,439</u>

	Note	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees)			
28 ADMINISTRATIVE AND DISTRIBUTION EXPENSES			
Salaries, wages and other staff benefits		104,467,051	90,072,075
Vehicle running costs		18,239,123	15,614,465
Travelling and conveyance		2,430,273	1,494,319
Depreciation expense	6.1	27,295,925	25,865,240
Amortisation expense	7.1	114,097	228,195
Legal and professional charges		17,829,867	9,984,395
Auditors' remuneration		2,628,666	1,133,937
Telephone, postage and fax charges		5,199,373	4,391,034
Advertisement and sales promotion		330,210	102,820
Printing and stationery		2,625,321	4,877,045
Insurance cost - vehicles		588,978	459,205
Training, meetings and tender participation		518,514	682,330
Donations	28.1	50,000	450,000
Software development		616,507	967,026
Entertainment		4,178,662	2,991,555
Utilities		9,061,735	3,382,026
Security		3,773,915	3,728,572
Miscellaneous		2,806,197	1,936,920
		<u>202,754,414</u>	<u>168,361,159</u>
28.1 Donations			
Donations were paid to the following organisations:			
Aab the Need of Life		-	-
Anjuman e Hasani		-	-
NBFI & MAP Donation		-	-
Fatima Kidney Care		-	-
Al Madad Welfare Society		50,000	-
Roshan Pakistan Academy		-	100,000
Karachi Relief Trust		-	200,000
Foap-Donation On A/C Khi Relief Trust		-	100,000
Muhammadi Haematology-Donation		-	50,000
		<u>50,000</u>	<u>450,000</u>

The Directors and their spouses of the Modaraba Management Company do not have any interest in the above donees.

December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees)	

29 FINANCE COST

Financial cost on diminishing Musharaka financing arrangement	78,752,044	79,391,474
Financial cost on running musharaka financing arrangement	457,177	2,409,361
Finance cost on long term borrowing	-	2,584,085
Finance cost on liability against right-of-use assets	1,093,632	1,823,890
Bank charges and commission	1,018,087	1,099,648
	<u>81,320,940</u>	<u>87,308,458</u>

30 OTHER INCOME - NET

Profit on deposit accounts with bank	10,842,500	3,015,616
Income from disposal of scrap	9,074,618	27,757,879
Gain / (loss) on disposal of fixed assets and Ijarah assets	39,793,283	5,705,116
Reversal of provision of long-term employee benefit	874,955	4,677,096
Amortisation of deferred government grant	-	1,711,548
Gain on termination of lease liability	4,642,213	-
Exchange gain	667,120	10,742,802
	<u>65,894,689</u>	<u>53,610,057</u>

31 TAXATION

- Current	230,293,127	120,573,045
- Deferred	(3,150,504)	34,418,033
	<u>227,142,623</u>	<u>154,991,078</u>

32 EARNINGS PER CERTIFICATE

Profit for the period after taxation	<u>286,874,119</u>	<u>338,330,615</u>
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----- (Number of certificates) -----

Weighted average number of ordinary certificates outstanding during the period	<u>220,000,000</u>	<u>220,000,000</u>
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----- (Rupees) -----

Earnings per certificate - basic and diluted	<u>1.30</u>	<u>1.54</u>
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- 32.1 No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instrument which would have a dilutive impact on basic earnings per certificate when exercised.

December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees)	

33 CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>294,555,357</u>	<u>252,500,426</u>
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34 RELATED PARTY TRANSACTIONS

Parties which are related to the Modaraba as per the requirements of in pursuit of IAS 24 'Related Party Disclosures' and includes associates, directors, staff retirement benefit plans and key management personnel. Remuneration of key management personnel are in accordance with the terms of employment. Dividend payout is recorded at the rate approved by the Modaraba Management Company. The Management Company's remuneration is in accordance with the rate mentioned in the law. Contributions to the Provident Fund are made in accordance with the service rules. Other transactions are at agreed rates.

34.1 Transactions with related parties (other than those which have been disclosed else where in these condensed interim financial statements):

Name of the related party	Relationship and percentage shareholding	Transactions during the period	Six months period ended	
			December 31, 2023	December 31, 2022
			(Unaudited)	(Audited)
			----- (Rupees) -----	
Allied Engineering Management Company (Private) Limited (the Modaraba Management Company) (Now known as Allied Rental Services Limited)	Associated Company	Modaraba Management Company's remuneration	5,000,000	5,650,000
		Payment made to the Modaraba Management Company (including management fee) during the period	11,300,000	-
		Loan received from the Modaraba Management Company	17,760,000	-
		Expense paid on behalf of the Modaraba Management Company	573,698	-
Allied Engineering and Services (Private) Limited (AESL) (the holding company of the Modaraba Management Company)	Associated Company	Purchase of assets	53,163,105	31,366,324
		Purchase of parts and services	207,460,876	180,009,179
		Income from ijarah assets & sale proceeds against disposal of ijarah assets	53,606,776	2,286,882
		Reimbursement of expenses	13,486,324	12,273,294
		Paid on behalf of AESL	12,810,532	-
		Receivable from AESL against customer deposits	1,098,099	1,675,866
Apex Machinery (Private) Limited	Associated Company	Purchase of parts and services	2,632,830	10,041,898
Allied E-Commerce Solutions (Private) Limited (AECSL)	Associated Company	Expenses charge during the period	91,537	108,468
		Expenses paid on behalf of AECSL	19,968	-
Allied Transport & Logistics (Private) Limited (ATL) (Now known as Allied Transport & Logistics Limited)	Associated Company	Expenses paid on behalf of ATL	108,000	-
Allied Materials Private Limited	Associated Company	Income from ijarah assets	7,960,495	9,100,000
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident fund	Contribution to the staff provident fund during the period	12,016,268	10,760,436
Key management personnel (Other than the CEO and the employees of the Management Company)	Key Management Personnel	Remuneration of the key management personnel during the period	28,015,750	19,505,000
		Dividend paid during the period	-	-
		Contribution to the staff provident fund during the period	1,437,096	1,216,450
		Charge for staff gratuity scheme during the period	4,291,167	3,877,768

34.2 Balances with related parties (other than those which have been disclosed else where in these condensed interim financial statements):

Name of the related party	Relationship and percentage shareholding	Period-end balances	As at period ended	
			December 31, 2023	June 30, 2023
			(Unaudited)	(Audited)
			----- (Rupees) -----	-----
Allied Engineering Management Company (Private) Limited (Modaraba Management Company) (Now known as Allied Rental Services Limited)	Associated Company	Outstanding certificates 43,999,997 (June 30, 2023: 43,999,997)	439,999,970	439,999,970
		Payable to the Modaraba Management Company	21,227,686	10,341,384
Allied Engineering and Services (Private) Limited (AESL) (the holding company of the Modaraba Management Company)	Associated Company	Outstanding certificates 163,196,645 (June 30, 2023: 163,196,645)	1,631,966,450	1,631,966,450
		Payable to AESL	414,775,245	582,492,588
Apex Machinery (Private) Limited	Associated Company	Payable against purchase of parts	8,504,742	5,871,912
Allied E-Commerce Solutions (Private) Limited	Associated Company	Receivable against miscellaneous expenses	1,787,747	1,676,242
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident Fund	Outstanding certificates Nil (June 30, 2023: Nil)	-	-
		Payable to Staff Provident Fund	503,472	444,687
Allied Transport & Logistics (Private) Limited (ATL) (Now known as Allied Transport & Logistics Limited)	Associated Company	Receivable against miscellaneous expenses	108,000	-
Allied Materials Private Limited	Associated Company	Receivable against miscellaneous expenses	7,960,495	9,100,000
Key Management Personnel	Key Management Personnel	Outstanding certificates 254 (June 30, 2023: 254)	2,540	2,540
Directors	Directors of the Management Company	Outstanding certificates 11,947,690 (June 30, 2023: 5,973,845)	119,476,900	59,738,450

35 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 three 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 three operating segments.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from rental activities within Pakistan.

The Modaraba has a diversified product portfolio whereby resources have been allocated.

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

December 31, 2023					December 31, 2022				
Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total
(Rupees)					(Rupees)				

Segment revenues / profits

Revenue	1,711,032,763	96,258,531	1,807,291,294	887,683,233	2,694,974,527	1,336,260,533	92,797,455	1,429,057,988	1,105,709,444	2,534,767,432
Operating Expenses	(1,207,431,318)	(67,927,142)	(1,275,358,460)	(626,414,969)	(1,901,773,429)	(953,726,004)	(66,232,103)	(1,019,958,107)	(789,175,332)	(1,809,133,439)
Gross Profit	503,601,445	28,331,389	531,932,834	261,268,264	793,201,098	382,534,529	26,565,352	409,099,881	316,534,112	725,633,993
Finance Cost	(51,630,467)	(2,904,604)	(54,535,071)	(26,785,869)	(81,320,940)	(46,026,647)	(3,196,350)	(49,222,997)	(38,085,461)	(87,308,458)
Administrative Expenses	(128,728,284)	(7,241,939)	(135,970,223)	(66,784,191)	(202,754,414)	(88,755,429)	(6,163,677)	(94,919,106)	(73,442,053)	(168,361,159)
Other expenses	(38,731,095)	(2,178,917)	(40,910,012)	(20,093,679)	(61,003,691)	(15,948,423)	(1,107,548)	(17,055,971)	(13,196,769)	(30,252,740)
Other income	41,836,378	2,353,613	44,189,990	21,704,699	65,894,689	28,261,766	1,962,656	30,224,422	23,385,635	53,610,057
Profit before tax	326,347,977	18,359,542	344,707,518	169,309,224	514,016,742	260,065,796	18,060,433	276,126,229	215,195,464	493,321,693
Taxation	(144,212,298)	(8,113,032)	(152,325,330)	(74,817,293)	(227,142,623)	(81,707,086)	(5,674,200)	(87,381,286)	(67,609,792)	(154,991,078)
Profit after taxation	182,135,679	10,246,510	192,382,188	94,491,931	286,874,119	178,358,710	12,386,233	190,744,943	147,585,672	338,330,615

December 31, 2023 (Unaudited)					June 30, 2023 (Audited)				
Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total
(Rupees)					(Rupees)				

Segment assets and liabilities

Assets

Ijarah assets	4,828,097,400	-	4,828,097,400	1,320,310,173	6,148,407,573	4,873,931,189	-	4,873,931,189	1,315,522,399	6,189,453,588
Fixed assets - in own use	160,773,758	5,000,000	165,773,758	29,601,396	195,375,154	168,131,583	6,172,480	174,304,063	30,073,153	204,377,216
Intangible asset	-	-	-	-	-	114,097	-	114,097	-	114,097
Investment	3,781,896	-	3,781,896	-	3,781,896	31,934,583	-	31,934,583	-	31,934,583
Stores and spares	326,667,196	-	326,667,196	7,002,054	333,669,250	344,581,973	-	344,581,973	13,053,752	357,635,725
Ijarah rentals receivable	835,961,131	-	835,961,131	409,368,575	1,245,329,706	720,652,645	-	720,652,645	437,477,688	1,158,130,313
Operation and maintenance income receivable	-	43,628,955	43,628,955	-	43,628,955	-	32,353,136	32,353,136	-	32,353,136
Advances, deposits, prepayments and other receivable	306,139,921	19,820	306,159,741	22,655,564	328,815,305	430,032,182	439,500	430,471,682	26,896,054	457,367,736
Short term security deposits	231,009	-	231,009	-	231,009	231,009	-	231,009	-	231,009
Cash and bank balances	294,555,357	-	294,555,357	-	294,555,357	152,833,955	-	152,833,955	-	152,833,955
	6,756,207,668	48,648,775	6,804,856,443	1,788,937,762	8,593,794,205	6,722,443,216	38,965,116	6,761,408,332	1,823,023,026	8,584,431,358

Liabilities

Deferred liability for staff gratuity	142,336,692	17,092,151	159,428,843	17,817,010	177,245,853	130,585,253	15,521,540	146,106,793	15,168,375	161,275,168
Compensated absences	17,102,437	726,522	17,828,959	3,990,041	21,819,000	19,566,072	670,261	20,236,333	3,612,654	23,848,987
Liability against right-of-use assets	-	-	-	-	-	30,738,708	-	30,738,708	-	30,738,708
Diminishing musharaka financing payable - secured	580,840,517	-	580,840,517	16,261,875	597,102,392	793,068,757	-	793,068,757	46,526,848	839,595,605
Running musharaka financing payable - secured	100,000,000	-	100,000,000	-	100,000,000	-	-	-	-	-
Deferred tax liability	858,438,406	(8,977,719)	849,460,687	231,970,385	1,081,431,072	888,028,701	(8,091,631)	889,937,070	193,602,290	1,083,539,360
Other long term liabilities	28,327,479	4,723,823	33,051,302	6,696,862	39,748,164	27,846,976	5,427,139	33,274,115	5,959,423	39,233,538
Payable to the modaraba management company	21,227,686	-	21,227,686	-	21,227,686	10,341,384	-	10,341,384	-	10,341,384
Creditors, accrued and other liabilities	709,087,140	3,216,876	712,304,016	192,499,943	904,803,959	839,878,623	7,380,437	847,259,060	211,330,329	1,058,589,389
Contract liabilities (advance from customers)	108,279,208	-	108,279,208	14,660,362	122,939,570	70,362,502	507,594	70,870,096	27,428,866	98,296,962
Unclaimed dividend	797,591	-	797,591	-	797,591	797,591	-	797,591	-	797,591
	2,566,437,156	16,781,653	2,583,218,809	483,896,478	3,067,115,287	2,821,214,567	21,415,340	2,842,629,907	503,626,785	3,346,256,692
Net assets			4,221,637,634	1,305,041,284	5,526,678,918			3,918,778,425	1,319,396,241	5,238,174,666

	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
	(Rupees)	
Reconciliation of reportable segments profit is as follow:		
Profit		
Total profit for reportable segments	514,016,742	493,321,693
Other income	-	-
	<u>514,016,742</u>	<u>493,321,693</u>

35.2 Reconciliation of reportable segments revenues and profit or loss is as follow:

	Note	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
		(Rupees)	
Revenues			
Total revenue for reportable segments	25 & 26	2,694,974,527	2,534,767,432
Other Income	30	65,894,689	53,610,057
		<u>2,760,869,216</u>	<u>2,588,377,489</u>
Profit before tax			
Total profit before tax for reportable segments		514,016,742	493,321,693
		<u>514,016,742</u>	<u>493,321,693</u>

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

36.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets 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:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

36.2 The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

Unaudited							
December 31, 2023							
Carrying Value				Fair Value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
Financial assets measured at fair value							
Investment	3,781,896	-	3,781,896	-	3,781,896	-	3,781,896
Financial assets not measured at fair value							
Cash and bank balances	-	294,555,357	294,555,357	-	-	-	-
Ijarah rentals receivables	-	1,263,458,233	1,263,458,233	-	-	-	-
Operation and maintenance income receivables	-	43,628,955	43,628,955	-	-	-	-
Deposits and other receivables	-	49,139,652	49,139,652	-	-	-	-
Short term security deposit	-	231,009	231,009	-	-	-	-
	-	1,651,013,206	1,651,013,206	-	-	-	-
Financial liabilities not measured at fair value							
Creditors, accrued and other liabilities	-	815,768,799	815,768,799	-	-	-	-
Payable to the Modaraba Management Company	-	21,227,686	21,227,686	-	-	-	-
Diminishing musharaka financing payable - secured	-	597,102,392	597,102,392	-	-	-	-
Running musharaka financing payable - secured	-	100,000,000	100,000,000	-	-	-	-
Lease liability against right-of-use assets	-	-	-	-	-	-	-
Unclaimed dividend	-	797,591	797,591	-	-	-	-
	-	1,534,896,468	1,534,896,468	-	-	-	-

Audited							
June 30, 2023							
Carrying Value				Fair Value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
Financial assets measured at fair value							
Investment	31,934,583	-	31,934,583	-	31,934,583	-	31,934,583
Financial assets not measured at fair value							
Cash and bank balances	-	152,833,955	152,833,955	-	-	-	-
Ijarah rentals receivables	-	1,158,130,313	1,158,130,313	-	-	-	-
Operation and maintenance income receivables	-	32,353,136	32,353,136	-	-	-	-
Deposits and other receivables	-	27,909,881	27,909,881	-	-	-	-
Long term security deposit	-	231,009	231,009	-	-	-	-
	-	1,371,458,294	1,371,458,294	-	-	-	-
Financial liabilities not measured at fair value							
Creditors, accrued and other liabilities	-	1,002,576,376	1,002,576,376	-	-	-	-
Payable to the Modaraba Management Company	-	10,341,384	10,341,384	-	-	-	-
Diminishing musharaka	-	839,595,605	839,595,605	-	-	-	-
Lease liability against right-of-use assets	-	30,738,708	30,738,708	-	-	-	-
Unclaimed dividend	-	797,591	797,591	-	-	-	-
	-	1,884,049,664	1,884,049,664	-	-	-	-

Valuation techniques used in determination of fair values:

Item	Valuation approach and input used
Mutual Funds	The valuation has been determined based on Net asset values declared by Mutual Funds Association of Pakistan (MUFAP).

36.3 The Modaraba has not disclosed the fair values of the financial assets and financial liabilities (other than investment in mutual fund) as these are either short term in nature or repriced periodically. Therefore, their fair value is not significantly different from their carrying amounts.

37 GENERAL

37.1 Figures in these condensed interim financial statements for the quarters ended December 31, 2023 and December 31, 2022 have not been subjected to limited scope review of the auditors.

37.2 Reclassification of comparatives

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

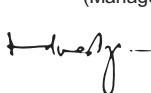
37.2 Date of authorisation

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on February 27, 2024.

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



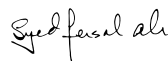
Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman