



ORIENT
RENTAL MODARABA

Helping
businesses grow



HALF YEARLY REPORT

December 31, 2019

FOCUSED ON SOLUTIONS

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Modaraba Information

Modaraba Company
Eman Management (Private) Limited

Directors of Modaraba Company
Mr. Muhammad Saeed
Chairman

Mr. Giasuddin Khan
Chief Executive

Mr. Joozer Jiwa Khan
Non-Executive Independent Director

Mr. Nasim Ahmed
Non-Executive Director

Mr. Ali Akbar Abdullah
Non-Executive Director

Chief Financial Officer
Mr. Abid Hussain Awan

Company Secretary
Mr. M Jamal Ahmedani

Head of Internal Audit
Ms. Oraiba Shehzad

Audit Committee
Mr. Joozer Jiwa Khan
Chairman

Mr. Nasim Ahmed
Member

Mr. Ali Akbar Abdullah
Member

Human Resource and Remuneration Committee
(HR&R Committee)

Mr. Joozer Jiwa Khan
Chairman

Mr. Nasim Ahmed
Member

Mr. Giasuddin Khan
Member

Mr. Ali Akbar Abdullah
Member

Sharia Advisor
Mufti Ibrahim Essa

Auditors
BDO Ebrahim & Co

Bankers / Financial Institutions
Bank Islami Pakistan Limited
MCB Islamic Bank Limited
HBL Islamic Bank
Bank of Khyber
Meezan Bank Limited
National Bank of Pakistan
Askari Bank Limited
Faysal Bank Limited

Legal Advisor
Mr. M Hashim Lodhi

Registered Office
Plot # 9, Sector 24
Korangi Industrial Area, Karachi
Phone: 021 - 111 - 676 - 676

Registrar & Share Registration Office
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, SMCHS
Main Shahrah-e-Faisal, Karachi

Vision:

To become the outsourcing solution provider of choice in the markets we serve.

Mission:

A dynamic, diverse and growth oriented modaraba delivering competitive outsourcing solutions for our customers through a network of professionals ensuring rewards to our stakeholders while fulfilling our corporate social responsibilities.

DIRECTORS' REPORT

The Board of Directors of EMAN Management (Pvt.) Limited ("EMAN"), the Management Company of Orient Rental Modaraba ("Modaraba"), has pleasure in presenting un-audited financial statements for the half year ended December 31, 2019.

The financial highlights are as follows:

Financial Highlights	Half year ended December 31, 2019 (Rupees)	Half year ended December 31, 2018 (Rupees)
Revenue	622,001,455	661,336,456
Expenses – net	(539,253,773)	(536,616,903)
Profit before Management Fee	23,046,275	58,495,515
Management Company's Remuneration and other provision	(2,304,627)	(5,849,551)
Profit before & after Taxation	20,033,205	50,847,812
Transfer to Statutory Reserve @ 20% of Profit for the period	(4,006,641)	(10,169,562)
Un appropriated profit brought forward	87,638,831	57,200,849
Profit distribution for the year ended June 30, 2019 @ Rs. 1.00 (June 30, 2018 @ Rs. 0.69) per certificate	(75,000,000)	(51,750,000)
Un appropriated profit carry forward	28,665,395	46,129,099
Earnings per Certificate – Basic and Diluted	0.27	0.68
Breakup value per Certificate	10.90	10.94

Review of Operations

During the half year of 2019 – 20 under review, negative market sentiments prevailed in the country which had telling effects on the businesses of your Modaraba and as a result, revenue declined from Rs. 661 million to Rs. 622 million and profitability declined by 23.24% to 15.34% in the current period.

Second quarter witnessed improvement in revenue by 7.3%, which was mostly over shadowed by negative factors like high cost of imports, increase in cost of spare parts of generators, increase in KIBOR base rate, resulting in decline in earnings per certificate from Rs. 0.68 to Rs. 0.27 in current period.

The Modaraba intends to distribute at least 90% of its profit, as reduced by transfer to statutory reserves, to its certificate holders and therefore no provision on account of taxation is made in the financial statement.

Prospects

The current economic challenges is likely to stay in coming months and therefore the management of Modaraba has decided to remain cautious and prudent in its investment strategy.

ORM is well positioned as a progressive Modaraba and we shall continue working towards quality growth and best return to our investors. Our focused strategy remains towards accomplishment of steady performance under the challenging business environment through expanding quality customer base and outreach. We aim to continue with our efforts to maximize cost efficiencies focusing on greater synergy amongst our various functions. Our emphasis will be on delivering consistent returns to our investors, while maintaining enhanced service standards.

Acknowledgement

The Board wishes to place on record its sincere appreciation to the Registrar Modaraba, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange for their cooperation, support and guidance for the smooth functioning of the Modaraba.

The Board also acknowledges and appreciates the contribution and efforts of each and every employee of the Modaraba, who by meeting customer expectation and by providing quality service ensured continued business for the Modaraba.

Q. Asad ul Khan

Chief Executive Officer

February 26, 2020



Director

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE CERTIFICATE HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Orient Rental Modaraba** ("the Modaraba") as at December 31, 2019 and the related condensed interim profit and loss, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2019 and December 31, 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 26 FEB 2020


BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
ASSETS			
Non-current assets			
Fixed assets	4	1,259,974,495	1,195,745,908
Intangible assets		-	404,744
Preliminary expenses and floatation costs	5	5,977,842	11,955,684
Long term deposits		4,698,000	4,698,000
		<u>1,270,650,337</u>	<u>1,212,804,336</u>
Current assets			
Stores, spares and loose tools	6	44,557,366	26,632,841
Receivables	7	194,103,113	168,781,263
Loans, advances and other receivables	8	49,392,125	35,629,597
Income tax refundable	9	130,789,856	124,674,355
Cash and bank balances	10	30,609,404	38,865,706
		<u>449,451,864</u>	<u>394,583,762</u>
Non-current assets classified as held for sale	11	123,959,957	-
TOTAL ASSETS		<u><u>1,844,062,158</u></u>	<u><u>1,607,388,098</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorised capital			
75,000,000 certificates of Rs. 10 each		<u>750,000,000</u>	<u>750,000,000</u>
Issued subscribed and paid-up certificate capital	12	750,000,000	750,000,000
Unappropriated profit		28,665,395	87,638,831
Statutory reserves	13	38,853,848	34,847,207
		<u>817,519,243</u>	<u>872,486,038</u>
Non-current liabilities			
Diminishing musharaka financing	14	334,280,682	291,250,000
Lease liability	15	7,992,542	-
		<u>342,273,224</u>	<u>291,250,000</u>
Current liabilities			
Current maturity of diminishing musharaka financing	14	181,006,396	160,000,000
Current portion of lease liability	15	11,993,455	-
Creditors, accrued and other liabilities	16	490,799,196	283,548,799
Dividend payable		470,644	103,261
		<u>684,269,691</u>	<u>443,652,060</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,844,062,158</u></u>	<u><u>1,607,388,098</u></u>
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The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Note	Half year ended		Quarter ended	
		December 31, 2019 (Rupees)	December 31, 2018 (Rupees)	December 31, 2019 (Rupees)	December 31, 2018 (Rupees)
Ijarah rentals - net		384,531,669	440,640,332	194,508,145	234,359,080
Operation and maintenance income - net		237,469,786	220,696,124	125,691,241	118,454,848
		<u>622,001,455</u>	<u>661,336,456</u>	<u>322,199,386</u>	<u>352,813,928</u>
Operating expenses		(539,253,773)	(536,616,903)	(290,416,290)	(293,838,133)
Gross Profit		<u>82,747,682</u>	<u>124,719,553</u>	<u>31,783,096</u>	<u>58,975,795</u>
Income on deposits with banks		1,233,899	1,151,972	716,138	548,489
Loss on disposal of fixed assets		(4,744)	-	(8,555)	-
		<u>83,976,837</u>	<u>125,871,525</u>	<u>32,490,679</u>	<u>59,524,284</u>
Administrative expenses		(29,680,042)	(14,577,068)	(12,198,002)	(8,309,355)
Marketing expenses		(582,506)	(2,042,755)	(102,001)	(1,161,335)
Preliminary expenses and floatation costs		(5,977,842)	(5,977,842)	(2,988,921)	(2,988,921)
Finance costs		(27,925,921)	(19,659,353)	(14,067,557)	(10,345,063)
Reversal / (Provision) against potential ijarah losses and operation and maintenance income		3,235,749	(25,118,991)	2,756,939	(5,955,841)
		<u>60,930,562</u>	<u>67,376,009</u>	<u>26,599,542</u>	<u>28,760,515</u>
		<u>23,046,275</u>	<u>58,495,516</u>	<u>5,891,137</u>	<u>30,763,769</u>
Modaraba Management Company's fee	18	2,304,627	5,849,552	589,114	3,076,377
Provision for Sindh Sales tax on Modaraba Management fees		299,602	760,442	76,585	399,929
Provision for Sindh Workers' Welfare Fund	16	408,841	1,037,710	104,509	545,749
Profit before taxation		<u>20,033,205</u>	<u>50,847,812</u>	<u>5,120,930</u>	<u>26,741,714</u>
Taxation		-	-	-	-
Profit for the period	19	<u>20,033,205</u>	<u>50,847,812</u>	<u>5,120,930</u>	<u>26,741,714</u>
Earnings per certificate - basic and diluted		<u>0.27</u>	<u>0.68</u>	<u>0.07</u>	<u>0.36</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019 (Rupees)	December 31, 2018 (Rupees)	December 31, 2019 (Rupees)	December 31, 2018 (Rupees)
Note				
Profit for the period	20,033,205	50,847,812	5,120,930	26,741,714
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>20,033,205</u>	<u>50,847,812</u>	<u>5,120,930</u>	<u>26,741,714</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Unaudited December 31, 2019 (Rupees)	Unaudited December 31, 2018 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,033,205	50,847,812
Adjustments for non-cash and other items:		
Depreciation on fixed assets	89,204,724	56,023,561
Amortisation on intangible assets	404,744	27,882
Preliminary expenses and floatation costs	5,977,842	5,977,842
(Reversal) / Provision against potential ijarah losses and operation and maintenance income	(3,235,749)	25,118,991
Finance costs	27,708,297	19,570,817
Loss on disposal of fixed assets	4,744	-
Provision for Sindh Workers' Welfare Fund	433,641	-
Profit on bank deposits	(1,233,899)	(1,151,972)
	<u>119,264,344</u>	<u>105,567,121</u>
Operating profit before working capital changes	139,297,549	156,414,933
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(17,924,525)	(3,462,781)
Receivables	(22,086,101)	(53,143,025)
Loans, advances and other receivables	(13,732,420)	13,386,584
Tax refunds due from Government	(6,115,501)	(49,686,557)
	<u>(59,858,547)</u>	<u>(92,905,779)</u>
Increase / (decrease) in current liabilities		
Payable to Modaraba Management Company	304,628	(2,914,292)
Creditors, accrued and other liabilities	<u>204,732,330</u>	<u>58,673,163</u>
	<u>284,479,767</u>	<u>119,268,025</u>
Profit paid on diminishing musharaka financing	<u>(25,932,307)</u>	<u>(18,456,678)</u>
Net cash generated from operating activities	<u>258,547,460</u>	<u>100,811,347</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(130,128,458)	(63,252,330)
Additions to capital work-in-progress	(122,167,649)	(12,404,600)
Sale proceeds on disposal of fixed assets	138,758	-
Additions to intangible assets	-	(334,585)
Profit on bank deposits	<u>1,203,791</u>	<u>934,682</u>
Net cash used in investing activities	<u>(250,953,558)</u>	<u>(75,056,833)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Diminishing musharaka financing received	130,287,079	40,000,000
Repayment of Diminishing musharaka financing	(66,250,000)	-
Repayment of lease liabilities	(5,254,666)	-
Dividend paid	<u>(74,632,617)</u>	<u>(50,938,925)</u>
Net cash used in financing activities	<u>(15,850,204)</u>	<u>(10,938,925)</u>
Net (decrease) / increase in cash and cash equivalents	(8,256,302)	14,815,589
Cash and cash equivalents at beginning of period	<u>38,865,706</u>	<u>46,122,049</u>
Cash and cash equivalents at end of period	<u>30,609,404</u>	<u>60,937,638</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Paid-up certificate capital (Rupees)	Statutory reserve* (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as at July 01, 2018	750,000,000	14,300,212	57,200,849	821,501,061
Profit for the period	-	-	50,847,812	50,847,812
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	50,847,812	50,847,812
Transfer to statutory reserve	-	10,169,562	(10,169,562)	-
Transaction with owners				
Profit distribution for the year ended June 30, 2018 @ Re. 0.69 per certificate	-	-	(51,750,000)	(51,750,000)
Balance as at December 31, 2018	750,000,000	24,469,774	46,129,099	820,598,873
Balance as at July 01, 2019	750,000,000	34,847,207	87,638,831	872,486,038
Profit for the period	-	-	20,033,205	20,033,205
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	20,033,205	20,033,205
Transfer to statutory reserve	-	4,006,641	(4,006,641)	-
Transaction with owners				
Profit distribution for the year ended June 30, 2019 @ Re. 1.00 per certificate	-	-	(75,000,000)	(75,000,000)
Balance as at December 31, 2019	750,000,000	38,853,848	28,665,395	817,519,243

* Statutory reserve represents profit set aside to comply with Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 NATURE AND STATUS OF BUSINESS

Orient Rental Modaraba (the Modaraba) is a multipurpose and perpetual modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Eman Management (Private) Limited (the Modaraba Management Company). 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 Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The Modaraba was formally listed on November 17, 2017 on Pakistan Stock Exchange Limited. After receiving the certificate of minimum subscription the Modaraba commenced its operations with effect from November 24, 2017. The registered office of the Modaraba is situated at Plot # 9, Sector 24, Korangi Industrial Area, Karachi.

The Modaraba is primarily engaged in the business of ijarah, operation and maintenance services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in 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, 2019.
- 2.1.3 The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019, whereas the comparative interim statement profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2018.
- 2.1.4 This condensed interim financial information is unaudited, but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 and December 31, 2019 have not been reviewed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Modaraba operates. This condensed interim financial information is presented in Pakistani Rupees which is the Modaraba's functional and presentation currency.

Amounts have been presented and rounded off to the nearest Pak rupees unless otherwise stated.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2019 except as explained in notes 3.6 and 3.7.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on this condensed interim financial information.

3.5 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2019.

3.6 Non-current assets held for sale

Non-current assets are classified as held for sale if the carrying amount of the asset is to be recovered principally through a sale transaction rather than through continuing use, the sale is considered highly probable within one year from reporting date and the asset is available for immediate sale in the present condition. These are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are presented separately from the other assets in the condensed interim balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortized while such are classified as held for sale.

3.7 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

At inception of a contract, the Modaraba assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Previously, the Modaraba classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Modaraba and, therefore, charged leased payments to statement of profit or loss under operating leases.

On adoption of IFRS 16, the Modaraba recognised a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the beginning of current period.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Modaraba used its incremental borrowing rate as the discount rate as at July 01, 2019.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit and loss account. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in fixed assets, the lease liability is shown separately as current and non-current in the condensed interim balance sheet, and interest on the lease liability is included in finance cost.

Transition method and practical expedients utilised

The Modaraba applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Modaraba used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Modaraba recognised right-of-use assets and lease liability recognising the difference in retained earnings on the date of initial application as follows;

	July 01, 2019 (Rupees)
Property, plant and equipment	
Right-of-use assets - leasehold improvement	25,240,663
Lease liabilities	
Non-current	10,917,311
Current	14,323,352
	<u>25,240,663</u>
Retained earnings	<u>-</u>

	Note	Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
4			
FIXED ASSETS			
Operating fixed assets	4.1 & 4.2	1,110,310,781	1,187,432,747
Capital work in progress	4.3	130,480,810	8,313,161
Right-of-use assets - Leasehold land	4.4	19,182,904	-
		<u>1,259,974,495</u>	<u>1,195,745,908</u>

- 4.1 It includes generators and related equipments acquired during the period by the Modaraba amounting to Rs. 37.304 million (June 30, 2019: Rs. 101.889 million) from Orient Energy Systems (Private) Limited, an associated company.

4.2 The following is the statement of fixed assets:

	Ijarah			Own use							
	Generators	Accessories	Machinery & Equipments	Sub-total	Electronic Appliances	Motor vehicles	Furniture and Fixtures	Generators	Leasehold improvements	Sub-total	Total
	(Rupees)										
Period ended December 31, 2019 (Un-audited)											
Net carrying value basis											
Opening net book value	1,04,79,23,367	65,16,79,51	21,56,42,21	1,13,46,55,539	8,98,56,46	14,24,35,26	2,99,28,84	1,53,00,54	25,02,50,98	52,77,72,08	1,18,74,32,747
Additions	29,28,25,14	29,83,28,27	51,64,30,21	1,10,75,83,62	3,09,18,7	4,77,960	739,998	-	15,06,19,51	19,37,00,96	130,12,84,58
Disposals - NBV	-	-	-	-	-	(14,35,502)	-	-	-	(14,35,502)	(14,35,502)
Transfer to non-current asset classified as held for sale	(123,959,957)	-	-	(123,959,957)	-	-	-	-	-	-	(123,959,957)
Depreciation	(60,021,080)	(11,182,071)	(3,220,621)	(74,423,772)	(2,343,114)	(1,152,000)	(440,383)	(131,148)	(4,656,548)	(8,723,193)	(83,146,965)
Closing net book value	89,322,484	83,818,707	69,986,621	1,04,70,30,172	9,732,719	13,425,984	3,292,499	1,398,906	35,430,501	63,280,609	1,110,310,781
Gross carrying value basis											
Cost	1,12,73,17,833	109,487,352	74,971,834	1,31,17,77,019	14,915,495	17,065,802	3,859,163	1,639,344	42,270,157	79,749,961	1,39,15,26,980
Accumulated depreciation	(23,40,92,989)	(25,66,86,45)	(4,98,52,13)	(26,74,46,847)	(5,18,27,76)	(3,63,98,18)	(5,66,66,4)	(240,438)	(6,83,96,56)	(16,46,93,52)	(28,21,26,199)
Net book value December 31, 2019	89,322,484	83,818,707	69,986,621	1,04,70,30,172	9,732,719	13,425,984	3,292,499	1,398,906	35,430,501	63,280,609	1,110,310,781
Year ended June 30, 2019 (Audited)											
Net carrying value basis											
Opening net book value	1,05,65,01,422	52,19,46,83	-	1,10,86,96,105	2,321,715	13,537,825	-	-	-	15,859,540	1,12,45,55,645
Additions	98,26,44,38	23,96,56,16	23,32,88,13	1,45,55,88,67	9,29,59,93	2,870,900	3,11,91,65	1,639,344	27,20,82,06	44,09,20,8	189,656,075
Disposals - NBV	(2,56,45,53)	-	-	(2,56,45,53)	-	-	-	-	-	-	(2,56,45,53)
Depreciation	(10,42,77,940)	(10,99,23,48)	(1,76,45,92)	(11,70,34,880)	(2,59,56,62)	(2,16,51,99)	(12,62,81)	(10,92,90)	(2,18,31,08)	(7,17,95,40)	(12,42,14,420)
Closing net book value June 30, 2019	1,04,79,23,367	65,16,79,51	21,56,42,21	1,13,46,55,539	8,98,56,46	14,24,35,26	2,99,28,84	1,530,054	25,02,50,98	52,77,72,08	1,18,74,32,747
Gross carrying value basis											
Cost	1,22,84,55,319	79,65,45,25	23,32,88,13	1,33,14,38,657	11,82,53,08	16,73,83,42	3,11,91,65	1,639,344	27,20,82,06	60,530,365	1,39,19,69,022
Accumulated depreciation	(18,05,31,952)	(14,48,65,74)	(1,76,45,92)	(19,67,83,118)	(2,83,96,62)	(2,49,48,16)	(12,62,81)	(10,92,90)	(2,18,31,08)	(7,75,31,57)	(20,45,36,275)
Net book value	1,04,79,23,367	65,16,79,51	21,56,42,21	1,13,46,55,539	8,98,56,46	14,24,35,26	2,99,28,84	1,530,054	25,02,50,98	52,77,72,08	1,18,74,32,747

Breakup of depreciation is as follows:

	(Unaudited) December 31, 2019 (Rupees)	(Audited) June 30, 2018 (Rupees)
Operating expenses	79,679,941	55,893,029
Administrative expenses	3,467,024	132,532
	83,146,965	56,025,561

Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
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4.3 Capital Work-In-Progress

Civil works	-	3,913,287
Generators under overhauling	15,559,310	4,399,874
Motor vehicle	6,456,500	-
Generators	108,465,000	-
	<u>130,480,810</u>	<u>8,313,161</u>

Period ended December 31, 2019	Civil work	Generators under overhauling	Motor vehicles	Generators	Total
Opening balance	3,913,287	4,399,874	-	-	8,313,161
Additions (at cost)	9,945,517	13,905,650	6,456,500	108,465,000	138,772,667
Transferred to operating fixed assets	(13,858,804)	(2,746,214)	-	-	(16,605,018)
Closing balance	<u>-</u>	<u>15,559,310</u>	<u>6,456,500</u>	<u>108,465,000</u>	<u>130,480,810</u>
Year ended June 30, 2019	<u>3,913,287</u>	<u>4,399,874</u>	<u>-</u>	<u>-</u>	<u>8,313,161</u>

Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
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4.4 Right-of-use assets - Leasehold Land

The recognised right-of-use assets relate to the following types of asset:

Leasehold land	<u>19,182,904</u>	<u>-</u>
Balance as at July 1, 2019	25,240,663	-
Depreciation charge during the period / year	<u>(6,057,759)</u>	<u>-</u>
	<u>19,182,904</u>	<u>-</u>

5 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	11,955,684	23,911,368
Less: Amortization during the period	<u>(5,977,842)</u>	<u>(11,955,684)</u>
	<u>5,977,842</u>	<u>11,955,684</u>

5.1

- 5.1 Preliminary expenses and floatation costs are being amortised over the period of 3 years as per Third Schedule of Modaraba Companies and Modaraba Rules, 1981.

	Note	Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
6 STORES, SPARES AND LOOSE TOOLS			
Spare parts and loose tools	6.1	<u>44,557,366</u>	<u>26,632,841</u>
6.1 Spare parts and loose tools consists of items related to generators and machines			
7 RECEIVABLES			
(Unsecured)			
Ijarah rental receivables	7.1	122,384,631	116,755,041
Operation and maintenance income receivables	7.2	<u>71,718,482</u>	<u>52,026,222</u>
		<u>194,103,113</u>	<u>168,781,263</u>
7.1 Ijarah rental receivables			
Considered good		103,628,416	89,513,124
Non-performing portfolio (classified portfolio)		<u>37,996,352</u>	<u>50,114,170</u>
Less: provision against potential ijarah losses	7.1.1	<u>(19,240,137)</u>	<u>(22,872,253)</u>
		<u>18,756,215</u>	<u>27,241,917</u>
		<u>122,384,631</u>	<u>116,755,041</u>
7.1.1 Provision against potential ijarah rental receivables			
Opening balance		22,872,253	9,959,104
Charged during the period / year		-	19,349,051
Reversal during the period / year		<u>(3,632,116)</u>	<u>(6,435,902)</u>
Closing balance		<u>19,240,137</u>	<u>22,872,253</u>
7.2 Operation and maintenance income receivables			
Considered good		69,504,255	50,988,253
Non-performing portfolio (classified portfolio)		<u>26,239,739</u>	<u>24,667,114</u>
Less: provision against potential loss on operation and maintenance income receivable	7.2.1	<u>(24,025,512)</u>	<u>(23,629,145)</u>
		<u>2,214,227</u>	<u>1,037,969</u>
		<u>71,718,482</u>	<u>52,026,222</u>

	Note	Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
7.2.1 Provision against potential loss on operation and maintenance income			
Opening balance		23,629,145	11,449,050
Charged during the period / year		396,367	21,539,145
Reversal during the period / year		-	(9,359,050)
Closing balance		<u>24,025,512</u>	<u>23,629,145</u>
8 LOANS, ADVANCES AND OTHER RECEIVABLES			
Insurance claim receivable		1,753,309	2,606,759
Sales tax adjustable	8.1	23,962,328	14,532,622
Loans and advances to staff	8.2	7,487,366	5,225,297
Earnest money		2,747,424	2,548,935
Advances and prepayments	8.3	11,648,753	9,858,225
Security deposits		1,692,500	787,422
Profit receivable from bank deposits		100,445	70,337
		<u>49,392,125</u>	<u>35,629,597</u>
8.1 This amount includes sales tax input adjustable on account of purchase of fixed assets.			
8.2 This includes an amount of Rs. 1.648 million (June 30, 2019: Rs. 1.650 million) related to advance against expenses and Rs. 5.840 million (June 30, 2019: Rs. 3.574 million) related to loan to staff which is secured against staff provident fund.			
8.3 This includes Rs. 0.417 million (June 30, 2019: Rs. 0.088 million) receivable from Eman Management (Private) Limited, an associated company.			
9 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax	9.1	<u>130,789,856</u>	<u>124,674,355</u>
9.1 The income of the Modaraba is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Furthermore, the Modaraba is exempt under clause 47(b) of part IV of Second Schedule of ITO 2001 from withholding of tax under sections 151 and 153 of ITO 2001 and also the Modaraba is exempt under section 236Q from withholding tax from payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment.			
The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During this period and prior periods, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under sections 153 and 236Q of ITO 2001. The management has submitted application for refund.			

	Note	Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
10 CASH AND BANK BALANCES			
Cash in hand		685,383	37,905
Balances with banks			
Current accounts	10.1	538,904	3,697,052
Deposits accounts		29,385,117	35,130,749
		29,924,021	38,827,801
		30,609,404	38,865,706
10.1	These balances carry profit at rates ranging from 3.5 % to 5% per annum (June 30, 2019: 4.15 % to 4.69 %)		
11 NON-CURRENT ASSETS CLASSIFIED HELD FOR SALE			
Generators	11.1	123,959,957	-
11.1	During the period, the Modaraba has earmarked two generators for disposal. The management is in final stages of negotiation of the terms with the buyer and is confident that the sale of generators is likely to occur in next six months.		
12 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL			
December 31, 2019 No. of Certificates		Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
75,000,000		750,000,000	750,000,000
75,000,000			
Modaraba certificates of Rs. 10 each fully paid in cash			
12.1	Eman Management (Private) Limited (the Management Company) held 7,500,000 (10%) certificates of Rs. 10 each as at December 31, 2019 [June 30, 2019 (10%)].		
13 STATUTORY RESERVE			
Statutory reserve represents profits set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan. These regulations require a 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.			
Thereafter, a sum not less than 5% of after tax profit is to be transferred. During the current period, the Modaraba has transferred an amount of Rs. 4.007 million (June 30, 2019: Rs. 20.547 million) which represents 20% of the profit after tax for the period.			

		Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
	Note		
14	DIMINISHING MUSHARAKA FINANCING		
	(Secured)		
	Diminishing musharaka financing	515,287,078	451,250,000
	Due within one year	(181,006,396)	(160,000,000)
		<u>334,280,682</u>	<u>291,250,000</u>
14.1	The total facility from Musharaka finance available from financial institutions and Modaraba amounts to Rs. 700 million and Rs. 12.913 million respectively. These facilities have maturities from March 2019 to December 2024 (June 30, 2019: March 2019 to October 2022) and are secured against the hypothecation of Ijarah assets. Share of profit payable on these facilities is 12.80% to 15.25% per annum (June 30, 2019: 8.00% to 11.14% per annum).		
15	LEASE LIABILITY		
	Lease liability	19,985,997	-
	Less: Current portion	(11,993,455)	-
		<u>7,992,542</u>	<u>-</u>
	Maturity analysis-contractual undiscounted cashflow		
	Less than one year	13,904,363	-
	One to five year	8,342,618	-
	More than five year	-	-
	Total undiscounted lease liability	<u>22,246,981</u>	<u>-</u>
	When measuring lease liability, the Modaraba discounted lease payment using its incremental borrowing rate, which is 13%.		
16	CREDITORS, ACCURED AND OTHER PAYABLES		
	Remuneration payable to Modaraba Management Company	18	12,123,299
	Creditors for spare parts and fixed assets	16.1	225,765,760
	Ijarah rental payable		23,103,792
	Advances / deposits with customers		14,383,721
	Withholding income and sales tax payable		12,134,505
	Accrued liabilities	16.2	18,007,165
	Payable to Provident Fund	16.3	4,648,722
	Advance against disposal of fixed assets	16.5	120,000,000
	Accrued profit on diminishing musharaka financing		10,016,414
	Provision for Sindh Workers' Welfare Fund	16.4	3,993,285
	Provision for bonus		43,720,995
	Provision for indirect taxes		2,901,538
		<u>490,799,196</u>	<u>283,548,799</u>

16.1 This amount includes Rs. 177.756 million (June 30, 2019: Rs. 106.489 million) in respect of purchase of spare parts and loose tools and service and maintenance charges and overhauling / purchase of generators, accessories and equipment payable to Orient Energy Systems (Private) Limited, an associated company.

16.2 This amount includes nil (June 30, 2019: Rs. 9.171 million) payable to Orient Energy Systems (Private) Limited, an associated company in respect of advance rent and staff loan.

16.3 The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Registration of the fund is in progress. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Company and the employees.

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

16.4 As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF.

The Modaraba is of the view that Sindh WWF Act is limited to the province of Sindh and the definition of total income as provided for in the SWWF encompasses the total income of an assessee for whole of the country i.e. for all provinces, thus in lieu of the definition of the total income under SWWF, 2% contribution to be paid is not limited to the province of Sindh. The Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces. Thus, for this reason the definition of total income as provided in SWWF is not correct and charging of WWF is ultra vires of the legislative power conferred upon the province of Sindh.

As a result, the Modaraba is of the view that unless there is a mechanism of apportionment of the total income relevant to the province of Sindh, SRB has no legal authority to demand and/or collect SWWF from the Modaraba. However, the Modaraba as a matter of abundant precaution has recognized provision for SWWF amounting to Rs. 3.989 million in this condensed interim financial information.

16.5 This represents as an advance with respect to non-current asset classified held for sale detailed disclosed in note 11.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Assistant Commissioner – Sindh Revenue Board (SRB) issued an order 408 of 2019 demanding Sindh Sales Tax of Rs. 51.4 million including penalty amounting to Rs. 2.5 million for Ijara Rental income of the Modaraba without considering that the Modaraba are operating in other provinces where Sindh Sales Tax Act, 2011 is not applicable and without considering that Sindh government has inserted renting of machinery, equipment, appliances and other tangible goods in Second Schedule of Sindh Sales Tax on Services Act, 2011 at the rate of 13% by Finance Act 2019-20. Further by notification number SRB-3-4/21/2019 dated July 01, 2019 the Sindh government has also introduced reduced rate 5% on above-mentioned services; however, input adjustment will not be allowed. Further, subsequent to the period end the Modaraba has lodged appeal number 306/2019 with Commissioner Appeal dated January 01, 2020 and simultaneously the Modaraba has lodged constitutional petition number D-352 of 2020 with High Court for pursuing case legally and High Court has provided stay order against SRB for taking any coercive action against Modaraba via its order number 1521,22,23 / 2020 dated January 01, 2020.

The legal advisor of the Modaraba believes that the outcomes of the appeal will be in favor of the Modaraba and hence no provision has been made in this condensed interim financial information.

17.2 Commitments

17.2.1 Contractual rentals receivable on Ijarah contracts

Future minimum ijarah receivables on the basis of ijarah agreements executed up to December 31, 2019 are as follows:

	Un-audited Ijarah rentals receivables December 31, 2019 (Rupees)	Audited Ijarah rentals receivables June 30, 2019 (Rupees)
Receivables - not later than one year	471,046,703	316,834,646
Receivables - later than one year and not later than five years	18,300,000	8,030,000
	<u>489,346,703</u>	<u>324,864,646</u>

	Un-audited Operation and maintenance income receivables December 31, 2019 (Rupees)	Audited Operation and maintenance income receivables June 30, 2019 (Rupees)
Receivables - not later than one year	352,501,834	80,231,058
Receivables - later than one year and not later than five years	5,986,424	-
	<u>358,488,258</u>	<u>80,231,058</u>

17.2.2 Contractual rentals payable on Ijarah contracts

The Modaraba has obtained 69 generators on Ijarah from ORIX Leasing Pakistan Limited (OLP) for a period of three years with quarterly rental installment of Rs. 46.087 million. M/s Orient Energy Systems (Private) Limited has provided bank (performance) guarantee to ORIX Leasing Pakistan Limited amounting to Rs. 55.74 million on behalf of the Modaraba. Future minimum ijarah payables on the basis of ijarah agreements executed up to December 31, 2019 (June 30, 2019) are as follows:

	Ijarah rentals payables December 31, 2019 (Rupees)	Ijarah rentals payables June 30, 2019 (Rupees)
Receivables - not later than one year	133,794,301	184,350,504
Receivables - later than one year and not later than five years	-	92,175,252
	<u>133,794,301</u>	<u>276,525,756</u>

18 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba has accrued management fee at the rate of 10% of profits during the period which is payable to the Modaraba Management Company amounting to Rs. 2.305 million (December 31, 2018Rs. 5.850 million). Furthermore, during the current period, an amount of Rs. 0.300 million (December 31, 2018Rs. 0.770 million) at the rate of 13% was charged on account of sales tax on management fee levied under Sindh Sales Tax on Services Act, 2011.

19 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, any income, not being income from manufacturing or trading activity of a Modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation to statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2020. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

As at December 31, 2019 and June 30, 2019, there were no financial instruments which were measured at fair values.

The table below analyses financial instruments measured at the end of the reporting period:

		Carrying amount		Total
		As at December 31 ,2019		
		Fair value through profit or loss	Amortized cost	
		(Rupees)	(Rupees)	(Rupees)
Financial assets at amortized cost	20.1			
Long term deposit		-	4,698,000	4,698,000
Receivables		-	194,103,113	194,103,113
Advances and other receivables		-	13,781,044	13,781,044
Cash and bank balances		-	30,609,404	30,609,404
		-	243,191,561	243,191,561
Financial liabilities at amortized cost	20.1			
Diminshing musharaka financing		-	515,287,078	515,287,078
Payable to modaraba management company		-	12,123,299	12,123,299
Creditors accrued and other liabilities		-	290,933,698	290,933,698
Dividend payable		-	470,644	470,644
		-	818,814,719	818,814,719

		Carrying amount		Total
		As at June 30 ,2019		
		Fair value through profit or loss	Amortized cost	
		(Rupees)	(Rupees)	(Rupees)
Financial assets at amortized cost	20.1			
Long term deposit		-	4,698,000	4,698,000
Receivables		-	168,781,263	168,781,263
Advances and other receivables		-	11,238,750	11,238,750
Cash and bank balances		-	38,865,706	38,865,706
		-	223,583,719	223,583,719
Financial liabilities at amortized cost	20.1			
Diminshing musharaka financing		-	451,250,000	451,250,000
Payable to modaraba management company		-	11,818,671	11,818,671
Creditors accrued and other liabilities		-	201,769,922	201,769,922
Dividend payable		-	103,261	103,261
		-	664,941,854	664,941,854

20.1 These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

21 UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING

The break-up of utilization of proceeds of initial public offering is being presented under the requirements of Regulation 16 of Chapter VIII of Public Offering Regulations, 2017. The Modaraba has utilized the proceeds from initial public offering as follows:

	December 31, 2019 (Rupees)	June 30, 2019 (Rupees)
Proceeds realized	750,000,000	750,000,000
Purchase of fixed assets (inclusive of sales tax)	750,000,000	750,000,000
Held for working capital, purchase of additional assets and reimbursement of preliminary expenses	-	-
	750,000,000	750,000,000

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, modaraba management company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Modaraba has related party relationship with its Modaraba Management Company, Associated Undertakings, Employee Benefit Plans, and its Key Management Personnel.

The detail of transactions with related parties and balances with them is given below:

	Relationship with the Modaraba	Nature of transactions	Un-audited December 31, 2019 (Rupees)	Un-audited December 31, 2018 (Rupees)
22.1	Transactions during the period			
	Associated company Orient Energy Systems (Private) Limited	Purchase / overhauling of:		
		- generators	26,198,167	25,781,352
		- accessories	11,106,387	4,340,031
		- machinery and equipments	-	17,042,000
		- stores, spare parts and loose tools	57,315,276	43,346,239
		Service and maintenance charges	433,099	29,602,106
		Rental of generators	6,917,000	30,340,696
	Eman Management (Private) Limited	Management fee	2,384,937	5,849,552
		Reimbursement of expenses	-	158,160
	Key Management Personnel	Remuneration	14,078,212	11,054,160
		Contribution to provident fund	813,528	557,538
	Employees' Provident Fund	Contribution for the period	10,895,173	5,044,283
			Un-audited December 31, 2019 (Rupees)	Audited June 30 2019 (Rupees)
22.2	Period / year end balances			
	Associated company Orient Energy Systems (Private) Limited	Payable against purchase of fixed assets, spare parts and loose tools and service and maintenance charges	177,756,500	106,489,788
		Receivable against services rendered	12,308,199	5,554,734
	Eman Management (Private) Limited	Management fee payable	12,203,608	11,818,671
		Outstanding certificates 7,500,000 (June 30, 2019: 7,500,000)	75,000,000	75,000,000
	Directors	Outstanding certificates 12,500,000 (2019: 12,500,000)	125,000,000	125,000,000
	Key Management Personnel	Outstanding certificates 10,008 (2019: 10,008)	100,080	100,080

23 SEGMENT 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

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

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

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's operating segments consists of rental business (operating lease) and maintenance business (operation and maintenance income). There were no changes in the reportable segments during the year. The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from entities incorporated in Pakistan.

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

	Ijarah Rentals (Rupees)	Operation and maintenance (Rupees)	Total (Rupees)
23.1 Segments revenue / profit			
For the period ended December 31, 2019			
Revenue	384,531,669	237,469,786	622,001,455
Costs	387,129,458	152,124,315	539,253,773
Reporting segment profit	(2,597,789)	85,345,471	82,747,682
For the period ended December 31, 2018			
Revenue	440,640,332	220,696,124	661,336,456
Costs	345,224,721	191,392,183	536,616,903
Reporting segment profit	95,415,612	29,303,941	124,719,553

Reconciliation of segment results with profit after tax is as under:

	Un-audited December 31, 2019 (Rupees)	Un-audited December 31, 2018 (Rupees)
Total results for reportable segments	82,747,682	124,719,553
Other non-operating income	(1,229,155)	(1,151,972)
Marketing and administrative expenses	(30,262,548)	(16,619,824)
Preliminary expenses and floatation costs	(5,977,842)	(5,977,842)
Finance costs	(27,925,921)	(19,659,353)
Reversal / (Provision) against potential ijarah losses and operation and maintenance income	3,235,749	(25,118,991)
Other non-operating expenses	(3,013,070)	(7,647,704)
Profit after taxation	<u>20,033,205</u>	<u>50,847,812</u>

	Ijarah Rentals (Rupees)	Operation and maintenance (Rupees)	Total (Rupees)
23.2 Segment assets and liabilities			
As at December 31, 2019 (Un-audited)			
Segment assets	<u>1,508,996,961</u>	<u>115,268,112</u>	<u>1,624,265,073</u>
Segment liabilities	<u>735,241,988</u>	<u>-</u>	<u>735,241,988</u>
As at June 30, 2019 (Audited)			
Segment assets	<u>1,334,894,879</u>	<u>94,277,946</u>	<u>1,429,172,825</u>
Segment liabilities	<u>526,767,041</u>	<u>-</u>	<u>526,767,041</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the condensed interim Balance Sheet is as under:

	Un-audited December 31, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
Total for reportable segment assets	1,624,265,073	1,429,172,825
Unallocated assets	219,797,085	178,215,273
Total assets as per condensed interim balance sheet	<u>1,844,062,158</u>	<u>1,607,388,098</u>
Total for reportable segment liabilities	735,241,988	526,767,041
Unallocated liabilities	291,300,927	208,135,017
Total liabilities as per condensed interim balance sheet	<u>1,026,542,915</u>	<u>734,902,058</u>

24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Significant reclassification has been made during the period is as follows:

Balance Remuneration payable to Modaraba management Company and Sindh sales tax payable on remuneration of Management Company, earlier reflected under "Payable to Modaraba Management Company", has now been reclassified under "Creditors, accrued and others liabilities" for better presentation. The impact of reclassification at different prior period dates is as follows:

	Payable to Modaraba Management Company	Creditors, accrued and other liabilities
Remuneration payable to Modaraba management Company	11,818,671	11,818,671
Sindh sales tax payable on remuneration of Management Company	2,605,743	2,605,743

25 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2020 by the Board of Directors of Eman Management (Private) Limited.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

امکانات:

موجودہ معاشی صورتحال آنے والے مہینوں میں برقرار رہنے کا امکان ہے لہذا مضاربہ کی انتظامیہ نے اپنی سرمایہ کاری کی حکمت عملی میں محتاط رہنے کا فیصلہ کیا ہے۔

اؤڈائٹ کو ایک ترقی کر نیوالے مضاربہ کی حیثیت حاصل ہے۔ اور ہم اپنے کاروبار کی ترقی اور سرمایہ کاروں کی بہترین منافع کے لئے کام کرتے رہیں گے۔ ہماری توجہ اور حکمت عملی معیاری کسٹمر بیس اور رسد کو بڑھانے پر مرکوز ہے۔ ہم اپنے مختلف کاموں میں زیادہ سے زیادہ ہم آہنگی پر توجہ مرکوز کرتے ہوئے لاگت میں کمی کی استعداد کو زیادہ سے زیادہ بنانے کی اپنی کوششوں کو جاری رکھنا چاہتے ہیں۔ ہماری توجہ معیار کو برقرار رکھتے ہوئے اپنے سرمایہ کاروں کو مستقل منافع کی فراہمی پر مرکوز رہے گی۔

اعتراف

بورڈ، رجسٹرار مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا شکریہ ادا کرتا ہے جنہوں نے مضاربہ کے کاروباری عمل کو احسن طریقے سے جاری رکھنے میں تعاون، مدد اور رہنمائی فراہم کی۔

بورڈ اپنے ہر ملازم کی محنت اور کاوشوں کا بھی معترف اور شکر گزار ہے جنہوں نے صارفین کی توقع کے مطابق معیاری خدمات فراہم کی اور مضاربہ کے کاروبار کی ترقی کو یقینی بنایا۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

26 فروری 2020ء

ڈائریکٹرز کی رپورٹ

اورینٹ رینٹل مضاربہ (مضاربہ) کی منجمنٹ کمپنی، ایمان منجمنٹ (پرائیویٹ) لمیٹڈ (ایمان) کا بورڈ آف ڈائریکٹرز بمسرت ششماہی تختہ 31 دسمبر 2019 کے غیر آڈٹ شدہ مختصر عبوری مالیاتی حسابات پیش کرتا ہے۔ اس کی مالیاتی جھلکیاں درج ذیل ہیں:

مالیاتی جھلکیاں	31 دسمبر 2019 روپے	31 دسمبر 2018 روپے
آمدنی	622,001,455	661,336,456
اخراجات - خالص	(539,253,773)	(536,616,903)
منافع قبل از منجمنٹ فی	23,046,275	58,495,515
منجمنٹ کمپنی کے معاوضے اور دیگر اخراجات	(2,304,627)	(5,849,551)
قبل اور بعد از ٹیکس منافع	20,033,205	50,847,812
قانونی ریزرو میں مدت کے		
منافع سے 20% کے حساب سے منتقلی	(4,006,641)	(10,169,562)
غیر تقسیم شدہ منافع، گزشتہ سے پیوستہ	87,638,831	57,200,849
منافع کی تقسیم برائے سال تختہ 30 جون 2019		
بحساب 1.00 روپے فی سٹیفکیٹ (30 جون 2018 بحساب 0.69 روپے)	(75,000,000)	(51,750,000)
غیر مخصوص شدہ منافع کی اگلے حساب میں منتقلی	28,665,395	46,129,099
فی سٹیفکیٹ آمدنی - بنیادی اور تحلیل شدہ	0.27	0.68
فی سٹیفکیٹ بریک اپ ویلیو	10.90	10.94

کاروباری عمل کا جائزہ:

زیر جائزہ نصف سال 2019-20 کے دوران، ملک میں مارکیٹ پر منفی رجحانات غالب رہے جس کا آپ کے مضاربہ کے کاروبار پر منفی اثرات مرتب ہوئے۔ نتیجتاً آمدنی 661 ملین سے کم ہو کر 622 ملین رہ گئی اور منافع 23.24% سے 15.34% ہو گیا۔ دوسری سہ ماہی میں آمدنی میں 7.3 فیصد بہتری دیکھنے میں آئی جبکہ درآمدات کی قیمت، جنریٹروں کے اسپیر پارٹس کی لاگت اور شرح سود میں اضافے کے نتیجے میں سٹیفکیٹ کی آمدنی 0.68 سے کم ہو کر 0.27 ہو گئی، مضاربہ بعد از قانونی ریزرو میں منتقلی اپنے سٹیفکیٹ ہولڈرز کو منافع کا کم از کم 90% حصہ تقسیم کرنے کا ارادہ رکھتا ہے جس کے سبب مالیاتی حسابات میں ٹیکس کی مدد کوئی رقم شامل نہیں۔

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