



ORIENT
RENTAL MODARABA

FOCUSED ON SOLUTIONS

**Half yearly Report
December 31, 2020**

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Modaraba Information

Modaraba Management Company

Eman Management (Private) Limited

Directors of Modaraba Management Company

Mr. Muhammad Saeed
Chairman

Mr. Teizoon Kisat
Chief Executive

Mr. Joozer Jiwa Khan
Non-Executive Independent Director

Mr. Nasim Ahmed
Non-Executive Director

Mr. Giasuddinn Khan
Non-Executive Director

Chaudhry Jawaidd Iqbal
Non-Executive Director

Ms. Saba Ahmed Agrawalla
Non-Executive Independent Director

Audit Committee

Mr. Joozer Jiwa Khan
Chairman

Mr. Nasim Ahmed
Member

Chaudhry Jawaidd Iqbal
Member

Ms. Saba Ahmed Agrawalla
Member

Risk Management Committee

Ms. Saba Ahmed Agrawalla
Member

Chaudhry Jawaidd Iqbal
Member

Mr. Giasuddinn Khan
Member

Mr. Teizoon Kisat
Member

Chief Financial Officer

Mr. Abid Hussain Awan

Company Secretary

Mr. Jamal Ahmedani

Head of Internal Audit

Ms. Oraiba Shehzad

Human Resource and Remuneration Committee

Mr. Joozer Jiwa Khan
Chairman

Mr. Muhammad Saeed
Member

Mr. Nasim Ahmed
Member

Mr. Teizoon Kisat
Member

Sharia Advisor

Alhamd Shahriah Advisory Services (Pvt) Ltd.

Auditors

BDO Ebrahim & Co

Legal Advisor

Mr. M Hashim Lodhi

Bankers / Financial Institutions

Bank Islami Pakistan
MCB Islamic Bank Limited
HBL Islamic Bank
Bank of Khyber
Meezan Bank Limited
National Bank of Pakistan
Askari Bank Limited
Faysal Bank Limited
First Habib Modaraba

Registered Office

Plot # 9, Sector 24
Korangi Industrial Area, Karachi

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, SMCHS
Main Shahr-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 Directors of EMAN Management (Private) Limited ("EMAN"), the Management Company of Orient Rental Modaraba ("Modaraba"), are pleased to present the performance review and un-audited condensed interim financial statements for the half year ended December 31, 2020.

Economic Overview and Outlook

Economic activities have started to pick up post lock down due to pandemic. The Government has set the GDP growth target at 2.1 percent for FY 21 as against the negative GDP growth of previous fiscal year. The improvement is expected from steady performance of agriculture sector and recovery in services sector. Industrial sector is also expected to post a modest recovery. Overseas workers remittances for seven months to January 2021 increased 24.1 percent to USD 16.5 billion. This increase is contrary to World Bank's forecast of a sharp decline in global remittances. Pakistan has remained largely insulated from worst outcomes of COVID-19. Government has managed to arrange COVID-19 vaccines from different companies. It has now started immunizing Health officials first. If everything goes according to the plan, infection rate will start moving downward by end of financial year with positive impact on the economy.

Government through various fiscal and monetary measures has provided relief to industries in difficult times and SBP has maintained policy rate at 7% since July 2020. Stable interest rates are expected to prevail during remaining part of the financial year which bodes well for the economy. SBP also expects inflation to remain in the range of 7-9 percent.

Financial Performance

The financial highlights are as follows:

| Financial Highlights | Half year ended December 31, 2020 (Rupees) | Half year ended December 31, 2019 (Rupees) |
|--|--|--|
| Revenue | 654,158,399 | 622,001,455 |
| Expenses – net | 579,109,373 | 598,955,180 |
| Profit before Management Fee | 75,049,026 | 23,046,275 |
| Management Company's Remuneration and other provision | 9,811,910 | 3,013,070 |
| Profit before & after Taxation | 65,237,116 | 20,033,205 |
| Transfer to statutory reserve | 13,047,423 | 4,006,641 |
| Unappropriated profit brought forward | 27,791,108 | 87,638,831 |
| Profit distribution for the year ended June 30, 2020 @ Rs. 0.18 (June 30, 2019 @ Rs. 1.00) per certificate | 13,047,423 | 75,000,000 |
| Earnings per Certificate – Basic and Diluted | 0.87 | 0.27 |
| Breakup value per Certificate | 11.73 | 10.90 |

Review of Operations

This performance of the Modaraba for half year ended December 2020 improved on the back of accelerated economic activities in the industrial sector. The Modaraba recorded profit of Rs. 65.2 million before taxes as compared to Rs. 20.0 million recorded in the previous period. Moreover, reduced KIBOR rates, deferment of principal repayment and processing of pending tax refunds assisted in lowering the cost of debt and managing the cash flows.

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

Future outlook

Though the emergence of Covid-19 vaccines has eased out the fear globally, its mutated variants and the risk of its spread are still fearsome. As business of ORM is mainly linked with operations of the corporate sector in Pakistan, the possibility of going back to lockdown may hamper the progress of your Modaraba. Further, revenue of Modaraba is largely dependent on ijarah rentals from deployment of gas generators and operation and maintenance income. This may be adversely impacted in case of disruptions of gas supply to gas based captive power plants due to Government policy to promote efficient use of indigenous natural gas. Therefore, the management of Modaraba has decided to remain cautious and prudent in its investment strategy.

ORM is still 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.

Achievements

ORM successfully obtained Credit Rating of A- (long term) and A2 (short term) by PACRA during the period under review.

Board Reconstitution

The Board was reconstituted and following Directors were elected on December 31, 2020:

- | | | |
|----|--------------------------|---------------|
| 1. | Mr. Muhammad Saeed | Non-Executive |
| 2. | Mr. Nasim Ahmed | Non-Executive |
| 3. | Chaudhry Jawaid Iqbal | Non-Executive |
| 4. | Mr. Giasuddin Khan | Non-Executive |
| 5. | Mr. Joozer Jiwa Khan | Independent |
| 6. | Ms. Saba Ahmed Agrawalla | Independent |

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.



Chief Executive Officer



Director

February 26, 2021

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Orient Rental Modaraba ("the Modaraba") as at December 31, 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (Eman Management (Private) Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting 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.

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 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 as at and for the half year ended December 31, 2020 are 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, 2020 and December 31, 2019 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 2021



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causar

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, 2020**

| | Note | (Un-audited) December 31, 2020 (Rupees) | (Audited) June 30, 2020 (Rupees) |
|---|------|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 4 | 1,378,412,330 | 1,198,399,551 |
| Intangible assets | 5 | 685,277 | - |
| Long term deposits | | 4,698,000 | 4,698,000 |
| | | <u>1,383,795,607</u> | <u>1,203,097,551</u> |
| Current assets | | | |
| Stores, spares and loose tools | 6 | 51,266,229 | 51,813,705 |
| Receivables | 7 | 173,745,972 | 196,182,742 |
| Loans, advances and other receivables | 8 | 74,113,660 | 64,494,860 |
| Income tax refundable | 9 | 106,006,864 | 142,723,259 |
| Cash and bank balances | 10 | 54,649,665 | 18,842,724 |
| | | 459,782,390 | 474,057,290 |
| Non-current assets classified as held for sale | 11 | 44,825,000 | - |
| TOTAL ASSETS | | <u>1,888,402,997</u> | <u>1,677,154,841</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Authorised capital | | | |
| 75,000,000 certificates of Rs. 10/- each | | 750,000,000 | 750,000,000 |
| Issued, subscribed and paid-up certificate capital | 12 | 750,000,000 | 750,000,000 |
| Unappropriated profit | | 66,343,752 | 27,791,108 |
| Statutory reserve | 13 | 63,046,907 | 49,999,484 |
| | | 879,390,659 | 827,790,592 |
| Non-current liabilities | | | |
| Diminishing musharaka financing | 14 | 496,065,863 | 464,223,486 |
| Lease liability | 15 | - | 1,179,030 |
| | | 496,065,863 | 465,402,516 |
| Current liabilities | | | |
| Current maturity of diminishing musharaka financing | 14 | 146,523,629 | 28,861,725 |
| Current portion of lease liability | 15 | 7,992,542 | 13,144,322 |
| Creditors, accrued and other liabilities | 16 | 358,167,939 | 341,841,923 |
| Unclaimed dividend | | 262,365 | 113,763 |
| | | 512,946,475 | 383,961,733 |
| TOTAL EQUITY AND LIABILITIES | | <u>1,888,402,997</u> | <u>1,677,154,841</u> |
| CONTINGENCIES AND COMMITMENTS | 17 | | |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

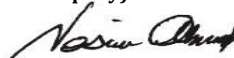
**For Eman Management (Private) Limited
(Modaraba Management Company)**



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, 2020**

| | Note | HALF YEAR ENDED | | QUARTER ENDED | |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | December 31, 2020 (Rupees) | December 31, 2019 (Rupees) | December 31, 2020 (Rupees) | December 31, 2019 (Rupees) |
| Ijarah rentals – net | | 418,143,798 | 384,531,669 | 225,950,390 | 196,508,145 |
| Operation and maintenance income – net | | 236,014,601 | 237,469,786 | 130,127,082 | 125,691,241 |
| | | 654,158,399 | 622,001,455 | 356,077,472 | 322,199,386 |
| Operating expenses | | (493,825,996) | (539,253,773) | (265,927,622) | (290,416,290) |
| | | 160,332,403 | 82,747,682 | 90,149,850 | 31,783,096 |
| Income on deposit with banks | | 1,893,620 | 1,233,899 | 1,361,448 | 716,138 |
| Impairment loss | 4.2 | (21,488,889) | - | (4,460,027) | - |
| Gain / (loss) on disposal of fixed assets | | 63,975 | (4,744) | - | (8,555) |
| | | 140,801,109 | 83,976,837 | 87,051,271 | 32,490,679 |
| Administrative expenses | | (27,092,111) | (29,680,042) | (14,251,479) | (12,198,002) |
| Marketing expenses | | (213,070) | (582,506) | (133,070) | (102,001) |
| Preliminary expenses and floatation costs | | - | (5,977,842) | - | (2,988,921) |
| Finance costs | | (32,731,835) | (27,925,921) | (15,919,232) | (14,067,557) |
| (Provision) / Reversal against potential ijarah losses and operation and maintenance income | | (5,715,067) | 3,235,749 | (5,715,067) | 2,756,939 |
| | | (65,752,083) | (60,930,562) | (36,018,848) | (26,599,542) |
| | | 75,049,026 | 23,046,275 | 51,032,423 | 5,891,137 |
| Modaraba Management Company's fee | 18 | (7,504,903) | (2,304,627) | (5,103,243) | (589,114) |
| Provision for Sindh Sales tax on Modaraba Management fee | 18 | (975,637) | (299,602) | (663,421) | (76,585) |
| Provision for Sindh Workers' Welfare Fund | | (1,331,370) | (408,841) | (905,315) | (104,509) |
| Profit before taxation | | 65,237,116 | 20,033,205 | 44,360,444 | 5,120,930 |
| Taxation | 19 | - | - | - | - |
| Profit for the period | | 65,237,116 | 20,033,205 | 44,360,444 | 5,120,930 |
| Earnings per certificate – basic and diluted | | 0.87 | 0.27 | 0.59 | 0.07 |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

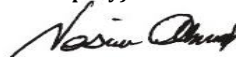
**For Eman Management (Private) Limited
(Modaraba Management Company)**



Chief Executive Officer



Director



Director



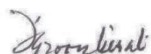
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

| | Note | HALF YEAR ENDED | | QUARTER ENDED | |
|----------------------------|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | December 31, 2020 (Rupees) | December 31, 2019 (Rupees) | December 31, 2020 (Rupees) | December 31, 2019 (Rupees) |
| Profit for the period | | 65,237,116 | 20,033,205 | 44,360,444 | 5,120,930 |
| Other comprehensive income | | - | - | - | - |
| Profit for the period | | <u>65,237,116</u> | <u>20,033,205</u> | <u>44,360,444</u> | <u>5,120,930</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

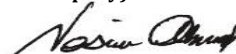
**For Eman Management (Private) Limited
(Modaraba Management Company)**



Chief Executive Officer



Director



Director



Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

| | December 31, 2020 (Rupees) | December 31, 2019 (Rupees) |
|---|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 65,237,116 | 20,033,205 |
| Adjustment for non-cash items: | | |
| Depreciation on fixed assets | 93,982,614 | 89,204,724 |
| Amortisation of intangible assets | 153,093 | 404,744 |
| Preliminary expenses and floatation costs | - | 5,977,842 |
| (Provision) / Reversal against potential ijarah losses and operation and maintenance income | 5,715,067 | (3,235,749) |
| Finance costs | 32,731,835 | 27,708,297 |
| Impairment loss | 21,488,889 | - |
| (Gain) / loss on disposal of fixed assets | (63,975) | 4,744 |
| Provision for Sindh Workers' Welfare Fund | 1,331,370 | 433,641 |
| Profit on bank deposits | (1,893,620) | (1,233,899) |
| | <u>153,445,273</u> | <u>119,264,344</u> |
| Operating profit before working capital changes | 218,682,389 | 139,297,549 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | 547,476 | (17,924,525) |
| Receivables | 16,721,703 | (22,806,101) |
| Loans, advances and other receivables | (9,335,196) | (13,732,420) |
| | <u>7,933,983</u> | <u>(53,743,046)</u> |
| Increase / (decrease) in current liabilities | | |
| Creditors, accrued and other liabilities | 12,880,104 | 205,040,765 |
| Finance costs paid | (30,617,293) | (25,932,307) |
| Tax refunded / (paid) - net | 36,716,395 | (6,115,501) |
| Net cash generated from operating activities | <u>245,595,578</u> | <u>258,547,460</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to fixed assets | (338,288,001) | (130,128,458) |
| Additions to capital work-in-progress | (2,103,229) | (122,167,649) |
| Sale proceeds from disposal of fixed assets | 145,923 | 138,758 |
| Addition to Intangible assets | (838,370) | - |
| Profit on bank deposits | 1,610,016 | 1,203,791 |
| Net cash used in investing activities | <u>(339,473,661)</u> | <u>(250,953,558)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Diminishing musharaka financing received | 150,000,000 | 130,287,079 |
| Repayment of diminishing musharaka financing | (495,719) | (66,250,000) |
| Repayment of lease liability | (6,330,810) | (5,254,666) |
| Dividend payment | (13,488,447) | (74,632,617) |
| Net cash used in financing activities | <u>129,685,024</u> | <u>(15,850,204)</u> |
| Net increase / (decrease) in cash and cash equivalents | 35,806,941 | (8,256,302) |
| Cash and bank balances at beginning of period | 18,842,724 | 38,865,706 |
| Cash and bank balances at end of period | <u>54,649,665</u> | <u>30,609,404</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

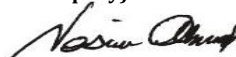
**For Eman Management (Private) Limited
(Modaraba Management Company)**



Chief Executive Officer



Director



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

| | Paid-up certificate capital (Rupees) | Statutory reserve * (Rupees) | Unappropriated profit (Rupees) | Total (Rupees) |
|--|---|---|---|---------------------------|
| 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 | <u>750,000,000</u> | <u>38,853,848</u> | <u>28,665,395</u> | <u>817,519,243</u> |
| Balance as at July 01, 2020 | 750,000,000 | 49,999,484 | 27,791,108 | 827,790,592 |
| Profit for the period | - | - | 65,237,116 | 65,237,116 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 65,237,116 | 65,237,116 |
| Transfer to statutory reserve | - | 13,047,423 | (13,047,423) | - |
| Transaction with owners | | | | |
| Profit distribution for the year ended June 30, 2020 @ Re. 0.18 per certificate | - | - | (13,637,049) | (13,637,049) |
| Balance as at December 31, 2020 | <u>750,000,000</u> | <u>63,046,907</u> | <u>66,343,752</u> | <u>879,390,659</u> |

* 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 23 form an integral part of these condensed interim financial statements.

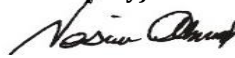
**For Eman Management (Private) Limited
(Modaraba Management Company)**



**Chief Executive
Officer**



Director



Director



**Chief Financial
Officer**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

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 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 These condensed interim financial statements have 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 these condensed interim financial statements 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, 2020.

2.1.3 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2020, whereas the comparative condensed interim 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 statements for the half year ended December 31, 2019.

- 2.1.4 These condensed interim financial statements are unaudited, but have been reviewed by the auditors. Further, the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 and December 31, 2020 have not been reviewed.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention.

These condensed interim financial statements have 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 statements are measured using the currency of the primary economic environment in which the Modaraba operates. These condensed interim financial statements are 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 statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2020 except as explained in note 3.6 and 3.7
- 3.2 The preparation of these condensed interim financial statements 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, 2020.
- 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, 2020. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.
- 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, 2020.

3.6 Fixed Assets

a) Owned – in use

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the items.

The cost of replacing part of an item of fixed asset is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Modaraba and its cost can be measured reliably. Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Depreciation

Depreciation on fixed assets, other than generators is charged to profit and loss account applying straight line method over 1.5 to 10 years.

Generators are depreciated on straight line basis having useful life of 5 years.

Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

b) Ijarah Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation

Depreciation on fixed assets, other than generators and certain machinery is charged to profit and loss account applying straight line method over 2 to 10 years.

Generators and certain machinery are depreciated on actual hours used. Depreciation on minimum standard hours has been discontinued from the beginning of the financial year. Had there been no change in estimate, depreciation expense would have been higher by Rs. 2.521 million and profit for the period would have lower by Rs. 2.192 million.

3.7 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.

| | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|-------------------------------------|-------------|--|---|
| | Note | | |
| 4. FIXED ASSETS | | | |
| Operating fixed assets | 4.1 & 4.2 | 1,369,241,724 | 1,185,274,412 |
| Capital work-in-progress | 4.3 | 2,103,229 | - |
| Right-of-use asset – leasehold land | 4.4 | 7,067,377 | 13,125,139 |
| | | 1,378,412,330 | 1,198,399,551 |

- 4.1 It includes generators and related equipments acquired during the period by the Modaraba amounting to Rs. Nil (June 30, 2020: Rs. 71.307 million) and Rs. 2.694 million (June 30, 2020: Rs. 134.153 million) from Orient Energy Systems (Private) Limited, Orient Energy Systems Fzco and respective associated companies.

| | Note | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|--|---|--|---|
| 4.2 Operating fixed assets | | | |
| Written Down Value (WDV) – opening | | 1,185,274,412 | 1,187,432,747 |
| Additions during the period / year - at cost | | | |
| Ijarah | | | |
| Generators | | 324,887,541 | 164,081,391 |
| Accessories | | 12,897,979 | 30,102,827 |
| Machinery and Equipment | | - | 51,643,021 |
| | | <u>337,785,520</u> | <u>245,827,239</u> |
| Own use | | | |
| Electronic Appliances | | 435,900 | 3,118,074 |
| Motor Vehicle | | 66,581 | 6,987,660 |
| Furniture and Fixtures | | - | 739,998 |
| Leasehold improvements | | - | 15,061,951 |
| | | <u>502,481</u> | <u>25,907,683</u> |
| WDV of disposals during the period / year | | (81,948) | (140,712,476) |
| Written off during the period / year | | - | (7,380,314) |
| Impairment loss during the period / year | | (21,488,889) | - |
| Transfer to non-current assets classified as held for sale | | (44,825,000) | - |
| Transfer from capital work-in-progress | | - | 32,164,328 |
| Depreciation charge during the period / year | | (87,924,852) | (157,964,795) |
| | | <u>(154,320,689)</u> | <u>(273,893,257)</u> |
| | | <u>1,369,241,724</u> | <u>1,185,274,412</u> |
| 4.3 Capital Work-In-Progress | | | |
| Generators under overhauling | 4.3.1 | <u>2,103,229</u> | <u>-</u> |
| 4.3.1 Year ended June 30, 2020 | | | |
| Opening balance | | - | - |
| Additions during the period / year - at cost | | 2,103,229 | - |
| Closing balance | | <u>2,103,229</u> | <u>-</u> |
| 4.3.2 | This represents generators related equipments acquired during the period by the Modaraba amounting to Rs. 2.103 million (June 30, 2020: Rs. Nil) from Orient Energy Systems (Private) Limited. | | |

| | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|---|-------------|--|---|
| | Note | | |
| 4.4 Right-of-use-asset - Leasehold land | | | |
| The recognised right-of-use assets relate to the following types of asset: | | | |
| Leasehold land | | 7,067,377 | 13,125,139 |
| Balance as at July 1, 2020 | | 13,125,139 | 25,240,663 |
| Depreciation charge during the period / year | | (6,057,762) | (12,115,524) |
| | | <u>7,067,377</u> | <u>13,125,139</u> |
| 5 INTANGIBLE ASSETS | | | |
| Software and licenses | 5.1 | <u>685,277</u> | <u>-</u> |
| 5.1 Net carrying value basis | | | |
| Opening net book value | | - | - |
| Additions during the period / year - at cost | | 838,370 | - |
| Amortization charge during the period / year | | (153,093) | - |
| Closing net book value | | <u>685,277</u> | <u>-</u> |
| 6 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores, spares and loose tools | 6.1 | <u>51,266,229</u> | <u>51,813,705</u> |
| 6.1 Spare parts and loose tools consists of items related to generators and machines. | | | |

| | | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|--|-------------|--|--|---|
| | Note | | | |
| 7 RECEIVABLES | | | | |
| (Unsecured) | | | | |
| Ijarah rental receivables | 7.1 | | 94,329,122 | 107,858,665 |
| Operation and maintenance receivables | 7.2 | | 79,416,850 | 88,324,077 |
| | | | <u>173,745,972</u> | <u>196,182,742</u> |
| 7.1 Ijarah rental receivables | | | | |
| Considered good | | | 88,378,395 | 80,827,892 |
| Non-performing portfolio (classified portfolio) | | | 34,494,057 | 53,142,474 |
| Less: Provision against potential ijarah losses | 7.1.1 | | <u>(28,543,330)</u> | <u>(26,111,701)</u> |
| | | | <u>5,950,727</u> | <u>27,030,773</u> |
| | | | <u>94,329,122</u> | <u>107,858,665</u> |
| 7.1.1 Provision against potential ijarah losses | | | | |
| Opening balance | | | 26,111,701 | 22,872,253 |
| Charged during the period / year | | | 9,027,061 | 6,871,564 |
| Reversal during the period / year | | | <u>(6,595,432)</u> | <u>(3,632,116)</u> |
| Closing balance | | | <u>28,543,330</u> | <u>26,111,701</u> |
| 7.2 Operation and maintenance receivables | | | | |
| Considered good | | | 77,063,858 | 77,799,140 |
| Non-performing portfolio (classified portfolio) | | | 36,832,064 | 41,720,571 |
| Less: Provision against potential loss | 7.2.1 | | <u>(34,479,072)</u> | <u>(31,195,634)</u> |
| | | | <u>2,352,992</u> | <u>10,524,937</u> |
| | | | <u>79,416,850</u> | <u>88,324,077</u> |
| 7.2.1 Provision against potential ijarah losses | | | | |
| Opening balance | | | 31,195,634 | 23,629,145 |
| Charged during the period / year | | | 5,995,107 | 7,566,489 |
| Reversal during the period / year | | | <u>(2,711,669)</u> | <u>-</u> |
| Closing balance | | | <u>34,479,072</u> | <u>31,195,634</u> |

| | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|-----------------------------|--|--|---|
| | Note | | |
| 8 | LOANS, ADVANCES AND OTHER RECEIVABLE | | |
| Insurance claim receivable | | 4,239,952 | 2,448,227 |
| Sales tax adjustable | 8.1 | 42,769,466 | 44,984,793 |
| Loans and advances to staff | 8.2 | 3,913,512 | 3,365,437 |
| Earnest money | | 1,183,911 | 1,913,766 |
| Advances and prepayments | 8.3 | 19,334,245 | 9,534,509 |
| Security deposit | | 1,199,500 | 1,109,500 |
| Profit receivable from bank | | 450,000 | 166,396 |
| Other receivables | | 1,023,074 | 972,232 |
| | | <u>74,113,660</u> | <u>64,494,860</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. 2.933 million (June 30, 2020: Rs. 2.104 million) related to advance against expenses and Rs. 0.980 million (June 30, 2020: Rs. 1.261 million) related to loan to staff which is secured against staff provident fund. | | |
| 8.3 | This includes Rs. 0.980 million (June 30, 2020: Rs. 0.613 million) receivable from Eman Management (Private) Limited, an associated company. | | |
| 9 | INCOME TAX REFUNDABLE | | |
| Advance income tax | 9.1 | <u>105,164,697</u> | <u>142,723,259</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. | | |
| 9.2 | During the period, the income tax department has started processing refund application of companies. Consequently, the Modaraba has received Rs. 21.524 million and Rs. 18.719 million in respect of tax year 2018 and 2019 respectively. | | |

| | Note | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|--|---|--|---|
| 10 CASH AND BANK BALANCES | | | |
| Cash in hand | | 815,551 | 544,666 |
| Cash at banks | | | |
| - in current account | | 608,337 | 4,630,797 |
| - in savings account | 10.1 | 53,225,777 | 13,667,261 |
| | | 53,834,114 | 18,298,058 |
| | | 54,649,665 | 18,842,724 |
| 10.1 | These balances carry profit at rates ranging from 3.5% to 6% (June 30, 2020: 3.5% to 6.5%) per annum. | | |
| 11 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE | | | |
| Generator | 11.1 | 44,825,000 | - |
| 11.1 | During the period, the Modaraba has earmarked one generator for disposal. The management is in final stages of negotiation of the terms with the buyer and is confident that the sale of generator is likely to occur in next six months. | | |
| 12 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL | | | |
| Un-audited December 31, 2020 Number of certificates | Audited June 30, 2020 Number of certificates | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
| 75,000,000 | 75,000,000 | 750,000,000 | 750,000,000 |
| | Modaraba certificates of Rs. 10 each fully paid up | | |
| 12.1 | Eman Management (Private) Limited (the Management Company) held 7,500,000 (10%) certificates of Rs. 10 each as at December 31, 2020 (June 30, 2020: 7,500,000). | | |

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. 13.047 million (June 30, 2020: Rs. 15.152 million) which represents 20% (June 30, 2020: 50%) of the profit after tax for the period.

| | Note | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|---|---|--|---|
| 14 DIMINISHING MUSHARAKA FINANCING | | | |
| (Secured) | | | |
| Diminishing Mushraka Financing | 14.1 | 642,589,492 | 493,085,211 |
| Due within one year | | <u>(146,523,629)</u> | <u>(28,861,725)</u> |
| | | <u>496,065,863</u> | <u>464,223,486</u> |
| 14.1 | The total facility from Musharaka finance available from financial institutions and Modaraba amounts to Rs. 850 million and Rs. 12.913 million respectively. These facilities have maturities from March 2019 to December 2024 (June 30, 2020: March 2019 to December 2024) and are secured against the hypothecation of Ijarah assets. Share of profit payable on these facilities is 8.53% to 10.00% per annum (June 30, 2020: 12.80% to 15.25% per annum). | | |
| 14.2 | The State Bank of Pakistan has issued BPRD Circular Letter No. 13 of 2020 (Para 3(a) of Regulation R-8 - Rescheduling / Restructuring of Financing Facilities) dated March 26, 2020 whereby certain relief measures were allowed in the Prudential Regulations for Modarabas. In pursuance of the above mentioned BPRD Circular, SECP vide circular No. 15 of 2020 dated April 24, 2020 has allowed relaxation to Modarabas in terms of serial No. 5 of Part III of circular No. 4 of 2004 dated January 28, 2004. Consequently, Modaraba has restructured diminishing musharaka financing from certain banks amounting to Rs. 487.690 million. | | |

| | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|------|--|--|---|
| | Note | | |
| 15 | LEASE LIABILITY | | |
| | Lease liability | 7,992,542 | 14,323,352 |
| | Less: current portion | (7,992,542) | (13,144,322) |
| | | - | 1,179,030 |
| | Maturity analysis of contractual undiscounted cash flow: | | |
| | Less than one year | 7,992,542 | 14,244,878 |
| | One to five year | - | 1,191,802 |
| | Total undiscounted cash flow | 7,992,542 | 15,436,680 |
| 16 | CREDITORS, ACCRUED AND OTHER LIABILITIES | | |
| | Remuneration payable to Modaraba Management Company | 8,991,150 | 3,486,247 |
| | Creditors for spare parts and fixed assets | 250,081,120 | 252,652,430 |
| | Ijarah rental payable | - | 5,488,143 |
| | Advances / deposits from customers | 30,788,725 | 20,828,132 |
| | Withholding income and sales tax payable | 20,649,526 | 16,239,369 |
| | Accrued liabilities | 22,569,264 | 22,521,110 |
| | Payable to Provident Fund | 4,602,412 | 4,562,299 |
| | Accrued profit on diminishing musharaka financing | 10,945,483 | 8,830,941 |
| | Provision for Sindh Workers' Welfare Fund | 5,505,667 | 4,174,297 |
| | Provision for indirect taxes | 4,034,592 | 3,058,955 |
| | | 362,306,849 | 341,841,923 |
| 16.1 | This amount includes Rs. 225.431 million (June 30, 2020: Rs. 232.141 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 | The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. 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. | | |

- 16.3 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. 5.506 million in these condensed interim financial statements.

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, the Modaraba has lodged appeal with Commissioner Appeal dated January 01, 2020 vide appeal number 306/2019 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 15212223 / 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 these condensed interim financial statements.

17.2 Commitments

17.2.1 Contractual rentals receivable on Ijarah and operation and maintenance contracts

Future minimum ijarah receivables on the basis of ijarah and operation and maintenance agreements executed up to December 31, 2020 (June 30, 2020) are as follows:

| | Un-audited December 31, 2020 Ijarah rental receivables (Rupees) | Audited June 30, 2020 Ijarah rental receivables (Rupees) |
|---|--|---|
| Receivables not later than one year | 204,063,800 | 453,834,400 |
| Receivables later than one year but not later than five years | 2,200,000 | 7,540,000 |
| | 206,263,800 | 461,374,400 |

| | Un-audited December 31, 2020 Operation and maintenance income receivables (Rupees) | Audited June 30, 2020 Operation and maintenance income receivables (Rupees) |
|---|---|--|
| Receivables not later than one year | 161,569,143 | 62,009,922 |
| Receivables later than one year but not later than five years | - | 2,171,052 |
| | 161,569,143 | 64,180,974 |

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. During the period, seven generators were acquired while one generator was returned. 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, 2020 (June 30, 2020) are as follows:

| | Un-audited December 31, 2020 Ijarah rental payables (Rupees) | Audited June 30, 2020 Ijarah rental payables (Rupees) |
|--|---|--|
| Payables not later than one year | 63,272,192 | 145,244,175 |
| Payables later than one year but not later than five years | - | - |
| | 63,272,192 | 145,244,175 |

During 2019, due to prevailing conditions because of Covid - 19, the Modaraba approached Orix Leasing Pakistan Limited (OLP) for relaxation in terms of payment of Ujrah. Consequently, the installment payable was restructured by OLP. Due to restructuring, Ujrah facility will end on January 15, 2022, therefore it was classified as short term lease.

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. 7.505 million (December 31, 2019: Rs. 2.305 million). Furthermore, during the current period, an amount of Rs. 0.976 million (December 31, 2019: Rs. 0.300 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, 2021. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

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, 2020 and June 30, 2020, 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:

| | As at December 31, 2020 | | As at June 30, 2020 | |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| | Carrying Amount (Rupees) | Total (Rupees) | Carrying Amount (Rupees) | Total (Rupees) |
| Financial assets at amortised cost | | | | |
| Receivables | 173,745,972 | 173,745,972 | 196,182,742 | 196,182,742 |
| Advances and other receivables | 16,707,949 | 16,707,949 | 14,673,558 | 14,673,558 |
| Cash and bank balances | 53,834,114 | 53,834,114 | 18,298,058 | 18,298,058 |
| | <u>244,288,035</u> | <u>244,288,035</u> | <u>229,154,358</u> | <u>229,154,358</u> |
| Financial liabilities at amortised cost | | | | |
| Diminishing musharaka financing | 642,589,492 | 642,589,492 | 493,085,211 | 493,085,211 |
| Creditors, accrued and other liabilities | 314,087,848 | 314,087,848 | 275,020,060 | 275,020,060 |
| Lease liability | 7,992,542 | 7,992,542 | 14,323,352 | 14,323,352 |
| Unclaimed dividend | 262,365 | 262,365 | 113,763 | 113,763 |
| | <u>964,932,247</u> | <u>964,932,247</u> | <u>782,542,386</u> | <u>782,542,386</u> |

- 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 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, Associated Companies, Employee Benefit Plans, and its Key Management Personnel.

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

| | | | Un-audited December 31, 2020 (Rupees) | Un-audited December 31, 2019 (Rupees) |
|------|---|---|--|--|
| | Relationship with Modaraba | Nature of transactions | | |
| 21.1 | Transactions during the period: | | | |
| | Associated Company Orient Energy System (Private) Limited | Purchase / overhauling of: <ul style="list-style-type: none"> - generators - accessories - stores, spares and loose tools - service and maintenance charges | <div>-</div> <div>-</div> <div>59,041,492</div> <div>1,058,400</div> | <div>26,198,167</div> <div>11,106,387</div> <div>57,315,276</div> <div>433,099</div> |
| | | Rental of generators | 320,000 | 6,917,000 |
| | | Operation and maintenance income | 5,783,333 | - |
| | Associated Company Eman Management (Private) Limited | Management fee | 7,504,903 | 2,384,937 |
| | | Reimbursement of expenses | 766,361 | - |
| | Key Management Personnel | Remuneration | 12,828,776 | 14,078,212 |
| | | Contribution to Provident Fund | 689,034 | 813,528 |
| | Employees' Provident Fund | Contribution to Provident Fund | 10,591,802 | 10,895,173 |
| | Orient Energy System FZCO | Purchase / overhauling of: <ul style="list-style-type: none"> - generators - accessories | <div>2,693,978</div> <div>8,840,715</div> | <div>-</div> <div>-</div> |
| | | | Un-audited December 31, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
| 21.2 | Period end balances: | | | |
| | Associated Company Orient Energy System (Private) Limited | Payable against purchases of fixed assets, spare parts & loose tools and service & maintenance charges | 225,431,410 | 232,141,001 |
| | | Receivable against services rendered | 6,027,667 | 2,565,067 |
| | Eman Management (Private) Limited | Management fee payable | 8,991,150 | 3,486,247 |
| | | Receivable against PSO fleet charges | 979,855 | 613,494 |
| | | Outstanding certificates 7,500,000 (June 30, 2020: 7,500,000) | 75,000,000 | 75,000,000 |
| | Directors | Outstanding certificates 12,500,000 (June 30, 2020: 12,500,000) | 125,000,000 | 125,000,000 |
| | Key Management Personnel | Outstanding certificates 10,008 (June 30, 2020: 10,008) | 100,080 | 100,080 |

22 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 segments.

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

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

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 | Operation and | Total |
|--|-----------------------|----------------------|--------------------|
| | (Rupees) | maintenance | (Rupees) |
| | <u>(Rupees)</u> | <u>(Rupees)</u> | <u>(Rupees)</u> |
| 22.1 Segment revenue / profit | | | |
| For the period ended December 31, 2020 | | | |
| Revenue | 418,143,798 | 236,014,601 | 654,158,399 |
| Costs | 376,007,492 | 176,881,975 | 552,889,467 |
| Reporting segment profit | <u>42,136,306</u> | <u>59,132,626</u> | <u>101,268,932</u> |
| For the period ended December 31, 2019 | | | |
| Revenue | 384,531,669 | 237,469,786 | 622,001,455 |
| Costs | 396,205,639 | 167,520,682 | 563,726,321 |
| Reporting segment profit | <u>(11,673,970)</u> | <u>69,949,104</u> | <u>58,275,134</u> |

| | Un-audited December 31, 2020 (Rupees) | Un-audited December 31, 2019 (Rupees) |
|--|--|--|
| Reconciliation of segment results with profit after tax is as under: | | |
| Total results for reportable segments | 101,268,932 | 58,275,134 |
| Other non-operating income | 1,957,595 | 1,229,155 |
| Marketing and administrative expenses | 27,305,180 | 30,262,548 |
| Preliminary expenses and floatation costs | - | 5,977,842 |
| Finance costs | 872,321 | 217,623 |
| Other non-operating expenses | 9,811,910 | 3,013,071 |
| | <u>65,237,116</u> | <u>20,033,205</u> |

| | Ijarah rentals (Rupees) | Operation and maintenance (Rupees) | Total (Rupees) |
|--------------------------------------|------------------------------------|---|---------------------------|
| 22.2 Segment assets and liabilities | | | |
| As at December 31, 2020 (Un-audited) | | | |
| Segment assets | <u>1,530,310,490</u> | <u>125,030,413</u> | <u>1,655,340,903</u> |
| Segment liabilities | <u>868,020,902</u> | <u>-</u> | <u>868,020,902</u> |
| As at June 30, 2020 (Audited) | | | |
| Segment assets | <u>1,400,313,978</u> | <u>133,937,640</u> | <u>1,534,251,618</u> |
| Segment liabilities | <u>760,178,961</u> | <u>-</u> | <u>760,178,961</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, 2020 (Rupees) | Audited June 30, 2020 (Rupees) |
|--|--|---|
| Total for reportable segment assets | 1,655,340,903 | 1,534,251,618 |
| Unallocated assets | 233,062,094 | 142,903,223 |
| Total assets as per condensed interim balance sheet | <u>1,888,402,997</u> | <u>1,677,154,841</u> |
| Total for reportable segment liabilities | 868,020,902 | 760,178,961 |
| Unallocated liabilities | 140,991,436 | 89,185,288 |
| Total liabilities as per condensed interim balance sheet | <u>1,009,012,338</u> | <u>849,364,249</u> |

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 26, 2021 by the Board of Directors of Eman Management (Private) Limited.

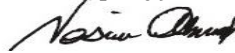
**For Eman Management (Private) Limited
(Modaraba Management Company)**



**Chief Executive
Officer**



Director



Director



**Chief Financial
Officer**

اوار ایم کو ایک ترقی کر نیوالے مضاربہ کی حیثیت حاصل ہے۔ اور ہم اپنے کاروبار کی ترقی اور سرمایہ کاروں کے بہترین منافع کے لئے کام کرتے رہیں گے۔ ہماری توجہ اور حکمت عملی معیاری کسٹمر ہیں اور رسد کو بڑھانے پر مرکوز ہے۔

کارکردگی

اوار ایم نے اس مدت کے دوران PACRA سے A- (طویل مدتی) اور A2 (قلیل مدتی) کی کریڈٹ ریٹنگ کامیابی کے ساتھ حاصل کی۔

بورڈ کی تشکیل نو

بورڈ کی تشکیل نو کی گئی اور مندرجہ ذیل ڈائریکٹرز 31 دسمبر 2020 کو منتخب ہوئے تھے۔

| | | |
|---|--------------------|--------------|
| ۱ | محمد سعید | نان ایگزیکٹو |
| ۲ | نسیم احمد | نان ایگزیکٹو |
| ۳ | چودھری جاوید اقبال | نان ایگزیکٹو |
| ۴ | غیاث الدین خان | نان ایگزیکٹو |
| ۵ | جوزر جیوا خان | انڈیپینڈنٹ |
| ۶ | صبا احمد اگر والا | انڈیپینڈنٹ |

اعتراف

بورڈ، رجسٹرڈ 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 سرٹیفکیٹ ہولڈرز کا بھی ممنون ہے جنہوں نے اوپنٹ گروپ پر اپنا اعتماد کا اظہار کیا اور بورڈ اپنے ہر ملازم کی محنت اور کاوشوں کا بھی متعرف 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

فیبروری 26، 2021

| مالیاتی جملکیاں | ۳۱ دسمبر ۲۰۲۰ | ۳۱ دسمبر ۲۰۱۹ |
|--|---------------|---------------|
| آمدنی | روپے | روپے |
| 622,001,455 | 654,158,399 | |
| اخراجات | 579,109,373 | 598,955,180 |
| منصوبہ کمپنی کے معاوضے سے قبل منافع | 75,049,026 | 23,046,275 |
| منصوبہ کمپنی کا معاوضہ اور دیگر اخراجات | 9,811,910 | 3,013,070 |
| قبل اور بعد از ٹیکس منافع | 65,237,116 | 20,033,205 |
| قانونی ریزرو میں مدت کے منافع سے 20 فیصد کے حساب سے منتقل | 13,047,423 | 4,006,641 |
| غیر تقسیم شدہ منافع، گزشتہ سے پیوستہ | 27,791,108 | 87,638,831 |
| منافع کی تقسیم برائے سال 30 جون 2020 بحساب 0.18 فی سرٹیفیکیٹ (30 جون 2019: 1 روپیہ فی سرٹیفیکیٹ) | 13,047,423 | 75,000,000 |
| فی سرٹیفیکیٹ آمدنی - بنیادی اور تحلیل شدہ | 0.87 | 0.27 |
| فی سرٹیفیکیٹ بریک اپ ویلیو | 11.73 | 10.90 |

کاروباری عمل کا جائزہ

اقتصادی سرگرمیوں میں تیزی کی وجہ سے دسمبر 2020 کو ختم ہونے والے ششماہی سال میں مضاربہ کی کارکردگی میں بہتری آئی۔ مضاربہ نے پچھلے عرصے میں 20 ملین روپے کے مقابلے اس عرصے میں 65.2 ملین روپے کا منافع حاصل کیا ہے۔ مزید برآں، شرہ سود میں کمی، قرضے کی ادائیگی میں التوا اور زر التوا ٹیکس رقوم کی واپسی کی وجہ سے قرضے کی لاگت کو کم کرنے اور نقد بہاؤ کو سنبھالنے میں مدد ملی۔

مضاربہ بعد از قانونی ریزرو میں منتقلی، اپنے سرٹیفیکیٹ ہولڈرز کو منافع کا کم از کم 90% حصہ تقسیم کرنے کا ارادہ رکھتا ہے۔ جس کے سبب مالیاتی حسابات میں ٹیکس کی مد میں کوئی رقم شامل نہیں ہے۔

اگرچہ کورونا - 19 ویکسینوں کے انجناد سے عالمی سطح پر خوف میں کمی واقع ہو رہی ہے، لیکن اس کی بدلتی ہوئی مختلف حالتیں اور اس کے پھیلاؤ کا خطرہ اب بھی موجود ہے۔ چونکہ او آر ایم کا کاروبار بنیادی طور پر پاکستان میں کارپوریٹ سیکٹر کی کارروائیوں سے منسلک ہے، لہذا لاک ڈاؤن میں واپس جانے کا امکان آپ کے مضاربہ کی ترقی کو روک سکتا ہے۔ مزید یہ کہ مضاربہ کی آمدنی کا زیادہ تر انحصار گیس جنریٹرز کی تعیناتی اور آپریشن اور بحالی کی آمدنی پر ہے۔ قدرتی گیس کے موثر استعمال کو فروغ دینے کی حکومتی پالیسی کی وجہ سے گیس پر مبنی بجلی گھروں کو گیس کی فراہمی میں غلٹ پڑنے کی صورت میں، اس پر منفی اثر پڑ سکتا ہے۔ لہذا مضاربہ کی انتظامیہ نے اپنی سرمایہ کاری کی حکمت عملی میں محتاط رہنے کا فیصلہ کیا ہے۔

ڈائریکٹرز کی رپورٹ

اورینٹ رینٹل مضاربہ ("مضاربہ") کی نیٹھمٹ کمپنی ایمان نیٹھمٹ (پرائیویٹ) لمیٹڈ ("ایمان") کے بورڈ آف ڈائریکٹرز بمسرت مضاربہ کے ششماہی مقررہ ۳۱ دسمبر ۲۰۲۰ کے عبوری غیر آڈٹ شدہ مختصر حسابات پیش کرتا ہے۔

معاشی جائزہ اور نظریہ

وبائی امراض کی وجہ سے لگائی گئی پابندیوں میں کمی کے بعد معاشی سرگرمیوں میں بتدریج اضافہ ہوا ہے۔ حکومت نے گزشتہ مالی سال کی منفی مجموعی ملکی پیداوار کے مقابلے میں رواں مالی سال کے لئے مجموعی ملکی پیداوار کی نمو کا ہدف 2.1 فیصد مقرر کیا ہے۔ زراعت کے شعبے کی مستقل کارکردگی اور خدمات کے شعبے سے بہتری کی توقع ہے۔ صنعتی شعبے میں بھی بحالی کی توقع ہے۔ بیرون ملک مقیم پاکستانیوں کی ترسیلات سات ماہ س میں 24.1 فیصد اضافے سے 16.5 ارب امریکی ڈالر ہو گئی۔ یہ اضافہ عالمی بینک کی عالمی ترسیلات زر میں پیشگوئی کے منافی ہے۔ پاکستان کو یڈ-19 کے بدترین نتائج سے محفوظ رہنے میں کامیاب رہا۔ حکومت کو یڈ-19 سے متعلق فحلت کمپنیوں سے ویکسین کا انتظام کرنے میں کامیاب رہی۔ اس نے پہلے مرحلے میں ڈاکٹروں اور دیگر صحت کے عملداریوں کو حفاظتی ٹیکے لگانا شروع کر دیے ہیں۔ اگر سب کچھ منصوبے کے مطابق چلتا رہا تو، مالی سال کے اختتام تک وبائی امراض کی شرح میں نمایاں کمی نظر آئے گی جس سے معیشت پر مثبت اثرات پڑھنا شروع ہو جائیگا۔

مختص مالی اور مالیاتی اقدامات کے ذریعے حکومت نے مشکل اوقات میں صنعتوں کو صحت فراہم کی ہے اور مرکزی بینک نے جولائی 2020 سے پالیسی کی شرح 7٪ برقرار رکھی ہے۔ توقع ہے کہ مالی سال کے باقی حصے کے دوران مستحکم سود کی شرحیں غالب رہیں گی جو معیشت کے لئے بہتر ہے۔ مرکزی بینک کو بھی توقع ہے کہ افراط زر 7 تا 9 فیصد کی حد میں رہے گا۔

مالیاتی کارکردگی








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