

DIRECTORS' REPORT

For the period ended December 31, 2022

The Board of Directors of Allied Engineering Management Company (Pvt.) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with Unaudited Financial Statements of the Modaraba for the half year ended December 31, 2022.

<u>Financial Highlights</u>	<u>Rs. in '000</u>
Investment in Ijarah assets	6,209,004
Total Revenue with provincial sales tax	2,820,776
Net profit for the period	338,331
Net profit margin	13.3%
Return on equity	6.6%
Current Ratio	1.35:1
Earning per certificate	Rs. 1.54
Break-up value per certificate	Rs. 23.98

OVERVIEW

Like overall industry, the Modaraba, is also facing tremendous difficulties in doing business including, rise overall cost of doing business, high inflation, stringent IMF's funding program conditionalities, current account deficit and foreign payments building pressure on the Pak rupees parity, rising overall debts and increase in tariffs and taxes, increase in international crude oil and gas prices and ban on imports. However the modaraba was able to sustain its growth trend both in revenue and profitability. Net Sales for the half year ended December 2022 appreciated by 15% from the corresponding half year period to close at Rs. 2,535 million.

Rental Power segment continues to maintain our lead segment in terms of Sales and profitability. All segments of Rental Power performed according to the benchmark and targets set for the period. The segment was able to record better deployments of diesel generators especially large MW units. Similarly, gas segment also showed improvement in deployment and resulting in higher revenues, however this segment will continue to remain a challenge due to availability and pricing of gas/LNG to captive power units.

Sales from construction machines, cranes and material handling equipment segment also improved marginally with 1% increase in sales. Sales from our Machines and Cranes and MHE segment maintained there last year levels as the business was adversely affected by the floods in the last quarter. Machine

rental is very challenging business again due to market dominated by unorganized sector with extremely low-quality products and workforce.

Sales from our Outbound Logistics segment maintained its budgets level and showed slight improvement during the half year period compared to corresponding half year period last year. Our customer base for this segment mainly comprises of blue-chip companies in the FMCG sector, including Nestle, Engro, Dalda, Schlumberger, Pakistan Tobacco Company, etc. However, the business is full of challenges due to competitive pricing from unorganized sector, non-implementation of regulatory regime on Motorways and highways for Axle Load Compliance resulting in the menace of Overloading and non-availability of skilled and reliable manpower.

In line with the increase in rental revenue the operating expense for the period also showed an increase of 19% to Rs. 1,809 Million from Rs. 1,519 Million for the period. As compared to corresponding period last year Salaries and Wages increased by 16% due to overall increase in deployment of ijarah assets and increase in minimum wage rate by the Government. Major increase was noted in Fleet vehicles running cost and vehicle running expenses which raised by 59% and 64% respectively, due to overall higher transportation costs. Depreciation for the period dropped by 19% compared to corresponding period last year.

Administrative and distribution expenses also witnessed an increase of 19% to Rs. 168 Million (2020: Rs. 141 Million) primarily due to increase in vehicle running expenses due to increase in transportation costs. Further salaries and wages also went up by 19% as we set up of different business segments as we diversify into other sectors of our Rental portfolio and to handle increased business volumes.

Markup costs went up by 22 Million in the current period, mainly on account of increase in KIBOR Base rate. Provision against potential Ijarah losses and operation and maintenance income was recorded at Rs. 17.3 Million being in compliance with the requirements of international financial reporting standard IFRS – 9.

Restructuring of the Modaraba

As mentioned in previous annual and quarterly reports pursuant to withdrawal of the Tax Exemption on Modarabas from July 1, 2021, the Board in its meeting held on September 7, 2021 re-analyzed the strategy of continuing to operate the business under the legal structure of a Modaraba. It was discussed at the Board Meeting and the Board advised the Management to explore the opportunities of conversion of the Modaraba to two Private Limited entities to reduce the burden of regulatory compliance and accordingly reduce the cost of doing business, during the Financial year 2022, the draft scheme of arrangement was finalized and submitted to the SECP - Registrar Modarabas for its approval. The SECP vide a letter no. SC/M/PRDD/Allied/2022-RS 49 / 134 dated June 23, 2022 has issued a no objection certificate (NOC) on the scheme of arrangement. The draft Scheme was also approved by Competition Commission of Pakistan – CCP on August 1, 2022.

Upon successfully obtaining NOCs from all the creditors, the Modaraba have filed the petition with the Honorable Sindh High Court in the Month of October 2022, the first hearing at the Honorable Sindh High

Court on the Petition was held on October 19, 2022, whereby, the petition was admitted and court instructed to issue notices to the petitioners and publication of the scheme in the official gazette thereafter, separate meeting of members of all the petitioners were held on November 25, 2022 whereby, the scheme was approved unanimously. Minutes of the meeting of the members were also submitted to the SHC subsequently within 7 days of the meeting. The Modaraba management company expects to get approval from the Sindh High Court, before June 30, 2023.

Going Concern Assumption of the Modaraba - Consequent to the above proposed resolution by the Board of Directors of the Modaraba Management Company, the Modaraba is no longer considered to be a going concern as the business of the Modaraba will in its entirety be transferred to two separate entities. The management intends to carry out transfer of assets and liabilities at the carrying values of assets and liabilities appearing in the books of Modaraba at the date of transfer subject to the approval of the relevant authorities.

We would like to highlight that no adjustments have been made in the carrying value of assets and liabilities held by the Modaraba and the classifications of balances between long-term and short-term have not been adjusted as the transaction is at the preliminary stage, subject to the final approval of High Court of Sindh and the businesses and balances will be transferred on going concern basis at the carrying values.

Further, since more than 90 percent of the certificates are held by the associates and the group companies by virtue of which this transaction will be considered as a transaction under common control and will be accounted for as predecessor accounting in accordance with the requirements of “Accounting for Common Control Transactions” standard (which specifies the accounting for common control transactions) issued by the Securities and Exchange Commission of Pakistan (SECP). The management believes that in cases where there is insignificant non-controlling interest, the receiving entity will be carrying out predecessor accounting whereby assets and liabilities appearing in the books of Modaraba will be transferred at the same values on the date of transfer. Therefore, there is no potential impact that requires adjustment to the carrying values and classification of assets and liabilities currently being carried in the books of the Modaraba as at the reporting date as a result of Modaraba no longer being a going concern.

Future Prospects

The management is vigilant with respect to ongoing economic situation of the country, with increase in inflation, restrictive imports, internal economic disturbance facing the industry / country. The Management appreciates the initiatives and measures taken by the Government to confront the economic challenges being faced by the Country. However, the Company urges the Government to reconsider its restrictions placed on Machinery imports. For the above reasons the Management will remain cautious and prudent for its investment strategy on all segments of the business.

The Management is positive of the rental industry potential, CPEC development and tremendous opportunities it has to date generated for the Modaraba. We always strive to keep special emphasis on

customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

Acknowledgement

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

On Behalf of the Board



Murtaza Ahmed Ali
Chief Executive

March 01, 2022



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE CERTIFICATE HOLDERS OF ALLIED RENTAL MODARABA

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Allied Rental Modaraba (the 'Modaraba') as at December 31, 2022 and the related condensed interim profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management of the Modaraba Management Company [Allied Engineering Management Company (Private) Limited] is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.3 to the enclosed condensed interim financial statements which describes the fact that a plan to restructure the current legal structure of the Modaraba has been approved by the Board of Directors of the Management Company and Securities and Exchange Commission of Pakistan (SECP) - registrar modarabas whereby the existing business of the Modaraba along with all assets and liabilities (including contingent liabilities) will be transferred on a going concern basis to two separate legal entities. There is no impact on the carrying values of assets and liabilities appearing in the books of the Modaraba as the management intends to carry out transfer of assets and liabilities at the carrying values as at the date of transfer subject to the approvals of the certificate holders, the High Court of Sindh and other relevant authorities.

A.F.F.

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Our opinion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's review report is **Junaid Mesia**.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 1, 2023

UDIN: RR20221061185KI0B7jy

**ALLIED RENTAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees)			
ASSETS			
Non-current assets			
Ijarah assets	5	6,209,003,618	5,946,661,687
Fixed assets - in own use	6	190,489,832	190,197,116
Intangible asset	7	342,291	570,486
		6,399,835,741	6,137,429,289
Current Assets			
Spare parts	8	348,334,717	281,311,632
Ijarah rentals receivable	9	1,086,960,607	950,212,604
Operation and maintenance income receivable	10	49,394,926	21,574,924
Advances, deposits, prepayments and other receivable	11	590,580,057	625,788,324
Security deposits		50,000	50,000
Cash and bank balances	12	252,500,426	290,423,919
		2,327,820,733	2,169,361,403
Total assets		8,727,656,474	8,306,790,692
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized certificate capital 250,000,000 (June 30, 2022: 250,000,000) modaraba certificates of Rs.10 each	13.1	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up certificate capital 220,000,000 (June 30, 2022: 220,000,000) modaraba certificates of Rs.10 each	13.2	2,200,000,000	2,200,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory (mandatory) reserve		2,016,720,196	1,949,054,073
Accumulated losses		(197,675,299)	(468,339,791)
		5,274,757,397	4,936,426,782
LIABILITIES			
Non-current liabilities			
Deferred liability for staff gratuity	14	146,843,658	132,755,367
Other long-term employee benefit	15	22,119,524	27,766,018
Liability against right-of-use assets	16	23,163,984	30,738,716
Diminishing musharaka financing payable - secured	17	609,507,884	545,781,004
Long term borrowings and deferred grants	18	-	-
Deferred tax liability	19	900,435,179	866,017,146
Other long term liabilities	20	23,629,416	23,246,536
		1,725,699,645	1,626,304,787
Current liabilities			
Current maturity of liability against right-of-use assets	16	15,293,611	16,769,988
Current maturity of diminishing musharaka financing payable - secured	17	386,510,139	410,600,730
Current portion of long term borrowings and deferred grants	18	20,033,196	101,747,694
Current portion of other long term liabilities	20	13,888,616	11,504,551
Payable to the modaraba management company	21	16,090,883	10,519,525
Creditors, accrued and other liabilities	22	1,195,146,413	1,126,000,163
Contract liabilities (advance from customers)		78,990,397	65,670,295
Unclaimed dividend		1,246,177	1,246,177
		1,727,199,432	1,744,059,123
Total liabilities		3,452,899,077	3,370,363,910
Total equity and Liabilities		8,727,656,474	8,306,790,692

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director

ALLIED RENTAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Six months period ended		Three months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
Ijarah rentals - net	24	2,441,969,977	2,135,050,023	1,237,959,856	1,184,801,048
Operation and maintenance income - net	25	92,797,455	73,308,002	47,595,725	36,685,965
		<u>2,534,767,432</u>	<u>2,208,358,025</u>	<u>1,285,555,581</u>	<u>1,221,487,013</u>
Operation, maintenance and Ijarah related expenses	26	(1,809,133,439)	(1,518,568,239)	(910,393,061)	(804,360,093)
Gross profit		<u>725,633,993</u>	<u>689,789,786</u>	<u>375,162,520</u>	<u>417,126,920</u>
Administrative and distribution expenses	27	(168,361,159)	(141,443,977)	(86,940,166)	(83,305,471)
Provision of impairment on Ijarah rentals receivable and operation and maintenance income receivable - net	9.2, 10.1 & 11.6	(17,373,875)	(109,739,825)	(17,373,875)	(109,739,825)
Finance cost	28	(87,308,458)	(65,688,166)	(44,462,862)	(31,461,312)
Other income	29	53,610,057	53,689,692	46,285,867	36,580,213
		(219,433,435)	(263,182,276)	(102,491,036)	(187,926,395)
		<u>506,200,558</u>	<u>426,607,510</u>	<u>272,671,484</u>	<u>229,200,525</u>
Modaraba Management Company's remuneration - inclusive of service sales tax		(5,650,000)	(5,650,000)	(5,650,000)	(5,650,000)
Provincial worker's welfare fund		(7,228,865)	(7,517,145)	(3,690,360)	(3,646,420)
Profit for the period before taxation		<u>493,321,693</u>	<u>413,440,365</u>	<u>263,331,124</u>	<u>219,904,105</u>
Taxation	30	(154,991,078)	(165,952,061)	(75,192,678)	(77,581,451)
Profit for the period		<u>338,330,615</u>	<u>247,488,304</u>	<u>188,138,446</u>	<u>142,322,654</u>
Earnings per certificate - basic and diluted	31	<u>1.54</u>	<u>1.12</u>	<u>0.86</u>	<u>0.65</u>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director

ALLIED RENTAL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended		Three months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Profit for the period after taxation	338,330,615	247,488,304	188,138,446	142,322,654
Other comprehensive loss for the period				
Items that will not be reclassified to the condensed interim statement of profit or loss	-	-	-	-
Loss on remeasurement of the defined benefit plan obligation - net of deferred tax	-	(678,951)	-	(678,951)
Total comprehensive income for the period	<u>338,330,615</u>	<u>246,809,353</u>	<u>188,138,446</u>	<u>141,643,703</u>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

As per

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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director

**ALLIED RENTAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Issued, subscribed and paid up certificate capital	Premium on issue of certificates	Statutory reserve	Unappropriated profit / (accumulated losses)	Total
	----- (Rupees) -----				
Balance as on July 1, 2021 - Restated (Audited)	2,200,000,000	1,255,712,500	1,872,085,044	(442,914,125)	4,884,883,419
Total comprehensive income for the period					
Profit for the period	-	-	-	247,488,304	247,488,304
Other comprehensive loss for the period	-	-	-	(678,951)	(678,951)
	-	-	-	246,809,353	246,809,353
Transfer to statutory reserve (at 25% of the profit for the period)	-	-	49,497,661	(49,497,661)	-
Profit distribution for the year ended June 30, 2022 @ Rs Nil per certificate	-	-	-	(330,000,000)	(330,000,000)
Balance as on December 31, 2021 (Unaudited)	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>1,921,582,705</u>	<u>(575,602,433)</u>	<u>4,801,692,772</u>
Balance as on July 1, 2022 (Audited)	2,200,000,000	1,255,712,500	1,949,054,073	(468,339,791)	4,936,426,782
Total comprehensive income for the period					
Profit for the period	-	-	-	338,330,615	338,330,615
Other comprehensive loss for the period	-	-	-	-	-
	-	-	-	338,330,615	338,330,615
Transfer to statutory reserve (at 20% of the profit for the period)	-	-	67,666,123	(67,666,123)	-
Balance as at December 31, 2022 (Unaudited)	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>2,016,720,196</u>	<u>(197,675,299)</u>	<u>5,274,757,397</u>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director

**ALLIED RENTAL MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Six months period ended	
	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	493,321,693	413,440,365
Adjustments for:		
Depreciation for ijarah assets and fixed assets in own use	195,811,917	233,128,128
Amortisation	228,195	228,195
Provincial worker's welfare fund	7,228,865	7,517,145
Provision for impairment on ijarah rentals receivable and operation and maintenance income receivable	17,373,875	109,739,825
Provision for deferred liabilities - gratuity	15,166,718	10,897,324
Provision against spare parts	6,210,004	-
Finance cost	87,308,458	65,603,027
Amortisation of deferred government grant	(1,711,548)	(6,606,463)
Profit on deposit accounts with bank	(3,015,616)	(2,378,455)
Reversal for long term employee benefits	(4,677,096)	(4,828,156)
(Gain) / loss on disposal of ijarah and fixed assets	(5,705,116)	17,233,065
	<u>314,218,656</u>	<u>430,533,635</u>
	807,540,349	843,974,000
(Increase) / decrease in assets		
Spare parts	(73,233,089)	(41,796,824)
Ijarah rentals receivable	(151,988,441)	(80,402,213)
Operation and maintenance income receivable	(29,953,439)	(7,855,347)
Advances, deposits, prepayments and other receivable	40,614,703	109,699,718
	(214,560,266)	(20,354,666)
Increase / (decrease) in operating liabilities		
Payable to the Modaraba Management Company	5,571,358	(5,713,447)
Creditors, accrued and other liabilities	65,865,972	75,491,718
Contract liabilities (advance from customers)	13,320,102	62,217,924
Other liabilities	2,766,945	(2,902,876)
	<u>87,524,377</u>	<u>129,093,319</u>
	680,504,460	952,712,653
Gratuity paid	(1,078,427)	(687,192)
Compensated absences paid	(969,398)	-
Profit on deposit accounts received	2,742,867	2,148,022
Income tax paid	(125,706,732)	(93,057,411)
Worker's Welfare Fund paid	(11,608,889)	(9,668,613)
Financial charges paid	(79,648,156)	(67,215,165)
	<u>(216,268,735)</u>	<u>(168,480,359)</u>
	464,235,725	784,232,294
Net cash inflows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure of ijarah assets and fixed assets in own use	(496,099,844)	(131,280,489)
Proceeds from disposal of ijarah assets and fixed assets in own use	43,358,396	85,397,517
Net cash outflows from investing activities	(452,741,448)	(45,882,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution to the certificate holders	-	(329,804,024)
Diminishing musharaka financing availed	268,280,281	-
Repayment of lease liability against right-of-use assets	(9,051,109)	(6,767,537)
Repayment of long term borrowings and deferred grant	(80,002,950)	(75,093,144)
Repayment of diminishing musharaka financing	(228,643,992)	(340,334,085)
Net cash outflows from financing activities	(49,417,770)	(751,998,790)
Net decrease in cash and cash equivalents	(37,923,493)	(13,649,468)
Cash and cash equivalents at the beginning of the period	290,423,919	117,119,860
Cash and cash equivalents at the end of the period	<u>252,500,426</u>	<u>103,470,392</u>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

Attest

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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director

ALLIED RENTAL MODARABA
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

- 1.2 The VIS credit rating company limited has assigned long term rating of A+ and short term rating A-1 to the Modaraba on June 17, 2022.

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

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

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

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

Upon successfully obtaining NOCs from all creditors, the Modaraba and the related companies have filed the petition with the Honorable Sindh High Court (SHC) in the month of October 2022. The first hearing at the Honorable Sindh High Court on the petition was held on October 19, 2022, whereby, the petition was admitted and the court ordered to convene separate meetings of members of all the petitioners (Modaraba and related companies) and publication of the scheme in the official gazette. Thereafter, separate meetings of members of all the petitioners were held on November 25, 2022 whereby, the scheme was approved unanimously. Minutes of the meetings of members were also submitted to the SHC subsequently within seven days of the meeting. The modaraba management company expects to get approval from the SHC before June 30, 2023.

The licence of the Modaraba Management Company is proposed to be surrendered to the Registrar Modarabas and the SECP after the completion of the aforementioned scheme of arrangement. Later, the Modaraba Management Company will be converted into an ordinary Private Limited Company.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 The disclosures made in these condensed interim financial statements are limited based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the disclosures and statements required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2022.

2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

2.4 Functional and Presentation Currency

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

2.5 Basis of measurement

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

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

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2022.

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2022.

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

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2022.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
----- (Rupees) -----			
5 IJARAH ASSETS			
Ijarah assets	5.1	6,130,260,201	5,881,757,203
Capital work-in-progress	5.2	78,743,417	64,904,484
		<u>6,209,003,618</u>	<u>5,946,661,687</u>

5.1 Ijarah assets

	December 31, 2022 (Unaudited)			
	Generators and related equipments	Logistics vehicles	Machines	Total
----- (Rupees) -----				
At July 1, 2022				
Cost	7,182,828,489	2,153,670,539	1,425,848,022	10,762,347,050
Accumulated depreciation	(3,490,551,843)	(783,816,082)	(489,855,977)	(4,764,223,902)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at July 1, 2022	<u>3,576,477,701</u>	<u>1,369,854,457</u>	<u>935,425,045</u>	<u>5,881,757,203</u>
Additions during the period	397,617,465	56,062,903	-	453,680,368
Disposals during the period				
Cost	(26,570,859)	(28,688,017)	(11,734,859)	(66,993,735)
Accumulated depreciation	14,417,465	13,647,101	3,698,476	31,763,042
	(12,153,394)	(15,040,916)	(8,036,383)	(35,230,693)
Impairment during the period	-	-	-	-
Depreciation charge for the period	(99,528,622)	(40,783,761)	(29,634,294)	(169,946,677)
Closing net book value as at December 31, 2022	<u>3,862,413,150</u>	<u>1,370,092,683</u>	<u>897,754,368</u>	<u>6,130,260,201</u>
At December 31, 2022				
Cost	7,553,875,095	2,181,045,425	1,414,113,163	11,149,033,683
Accumulated depreciation	(3,575,663,000)	(810,952,742)	(515,791,795)	(4,902,407,537)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at December 31, 2022	<u>3,862,413,150</u>	<u>1,370,092,683</u>	<u>897,754,368</u>	<u>6,130,260,201</u>
Life (years)	<u>2 to 14</u>	<u>8</u>	<u>8 to 10</u>	

At 31/12/22

	June 30, 2022 (Audited)			
	Generators and related equipments	Logistics vehicles	Machines	Total
	----- (Rupees) -----			
At July 1, 2021				
Cost	7,024,730,884	2,087,432,656	1,477,597,625	10,589,761,165
Accumulated depreciation	(3,509,191,221)	(725,961,096)	(462,840,485)	(4,697,992,802)
Accumulated impairment losses	(19,432)	-	(567,000)	(586,432)
Net book value as at July 1, 2021	<u>3,515,520,231</u>	<u>1,361,471,560</u>	<u>1,014,190,140</u>	<u>5,891,181,931</u>
Additions during the year	484,902,017	103,157,600	11,597,380	599,656,997
Disposals during the year				
Cost	(326,804,412)	(36,919,717)	(63,346,983)	(427,071,112)
Accumulated depreciation	218,552,116	17,403,802	32,650,999	268,606,917
	(108,252,296)	(19,515,915)	(30,695,984)	(158,464,195)
Impairment during the year	(115,779,513)	-	-	(115,779,513)
Depreciation charge for the year	(199,912,738)	(75,258,788)	(59,666,491)	(334,838,017)
Closing net book value as at June 30, 2022	<u>3,576,477,701</u>	<u>1,369,854,457</u>	<u>935,425,045</u>	<u>5,881,757,203</u>
At June 30, 2022				
Cost	7,182,828,489	2,153,670,539	1,425,848,022	10,762,347,050
Accumulated depreciation	(3,490,551,843)	(783,816,082)	(489,855,977)	(4,764,223,902)
Accumulated impairment losses	(115,798,945)	-	(567,000)	(116,365,945)
Net book value as at June 30, 2022	<u>3,576,477,701</u>	<u>1,369,854,457</u>	<u>935,425,045</u>	<u>5,881,757,203</u>
Life (years)	<u>2 to 14</u>	<u>8</u>	<u>8 to 10</u>	

5.2 This represents advances for the purchase of equipments, trucks and overhauling of generators.

5.3 During the period, the Modaraba acquired certain equipments and parts amounting to Rs. 31.366 million (June 30, 2022: Rs. 82.128 million) from related party, Allied Engineering and Services (Private) Limited (AESL), an associate company.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
6 FIXED ASSETS - IN OWN USE			
Operating fixed assets	6.1	<u>190,489,832</u>	<u>190,197,116</u>

6.1 Operating fixed assets

	December 31, 2022 (Unaudited)				
	Furniture and fixtures	Other equipments	Vehicles	Right-of-use asset	Total
	----- (Rupees) -----				
At July 1, 2022					
Cost	18,461,160	23,166,819	205,912,998	91,517,476	339,058,453
Accumulated depreciation	(17,317,695)	(18,059,468)	(64,851,532)	(48,632,642)	(148,861,337)
Net book value as at July 1, 2022	<u>1,143,465</u>	<u>5,107,351</u>	<u>141,061,466</u>	<u>42,884,834</u>	<u>190,197,116</u>
Additions during the period	-	-	28,580,543	-	28,580,543
Disposals during the period					
Cost	-	(742,442)	(5,066,900)	-	(5,809,342)
Accumulated depreciation	-	742,404	2,644,351	-	3,386,755
	-	(38)	(2,422,549)	-	(2,422,587)
Depreciation charge for the period	(323,001)	(1,098,414)	(14,809,237)	(9,634,588)	(25,865,240)
Closing net book value as at December 31, 2022	<u>820,464</u>	<u>4,008,899</u>	<u>152,410,223</u>	<u>33,250,246</u>	<u>190,489,832</u>
At December 31, 2022					
Cost	18,461,160	22,424,377	229,426,641	91,517,476	361,829,654
Accumulated depreciation	(17,640,696)	(18,415,478)	(77,016,418)	(58,267,230)	(171,339,822)
Net book value as at December 31, 2022	<u>820,464</u>	<u>4,008,899</u>	<u>152,410,223</u>	<u>33,250,246</u>	<u>190,489,832</u>
Life (years)	<u>3</u>	<u>3</u>	<u>4 to 8</u>		

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June 30, 2022 (Audited)					
Furniture and fixtures	Other equipment	Vehicles	Right-of-use asset	Total	
----- (Rupees) -----					
At July 1, 2021					
Cost	18,461,160	19,141,788	204,591,209	87,656,908	329,851,065
Accumulated depreciation	(16,030,578)	(16,594,391)	(73,114,609)	(33,394,790)	(139,134,368)
Net book value as at July 1, 2021	<u>2,430,582</u>	<u>2,547,397</u>	<u>131,476,600</u>	<u>54,262,118</u>	<u>190,716,697</u>
Additions during the year	-	4,120,031	54,884,773	3,860,568	62,865,372
Disposals during the year					
Cost	-	(95,000)	(53,562,984)	-	(53,657,984)
Accumulated depreciation	-	26,382	32,920,380	-	32,946,762
	-	(68,618)	(20,642,604)	-	(20,711,222)
Depreciation charge for the year	(1,287,117)	(1,491,459)	(24,657,303)	(15,237,852)	(42,673,731)
Closing net book value as at June 30, 2022	<u>1,143,465</u>	<u>5,107,351</u>	<u>141,061,466</u>	<u>42,884,834</u>	<u>190,197,116</u>
At June 30, 2022					
Cost	18,461,160	23,166,819	205,912,998	91,517,476	339,058,453
Accumulated depreciation	(17,317,695)	(18,059,468)	(64,851,532)	(48,632,642)	(148,861,337)
Net book value as at June 30, 2022	<u>1,143,465</u>	<u>5,107,351</u>	<u>141,061,466</u>	<u>42,884,834</u>	<u>190,197,116</u>
Life (years)	<u>3</u>	<u>3</u>	<u>4 to 8</u>		

		Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
----- (Rupees) -----				
7	INTANGIBLE ASSET			
	Computer Software	7.1	<u>342,291</u>	<u>570,486</u>
7.1	Computer Software			
	Cost		9,471,794	9,471,794
	Accumulated amortization		(8,901,308)	(8,444,919)
	Net book value as at July 01, 2022		<u>570,486</u>	<u>1,026,875</u>
	Amortisation charge for the period / year		(228,195)	(456,389)
	Closing net book value		<u>342,291</u>	<u>570,486</u>
	Life over which cost of the asset is amortized		<u>4 years</u>	<u>4 years</u>
8	SPARE PARTS			
	Balance as at the period / year end		394,597,271	321,364,182
	Provision against ijarah rentals receivable	8.1	(46,262,554)	(40,052,550)
			<u>348,334,717</u>	<u>281,311,632</u>
8.1	Provision against spare parts			
	Opening balance		40,052,550	37,603,447
	Charge for the period / year		6,210,004	2,449,103
	Closing balance		<u>46,262,554</u>	<u>40,052,550</u>
9	IJARAH RENTALS RECEIVABLE			
	Balance as at the period / year end		1,368,092,536	1,246,516,246
	Provision against ijarah rentals receivable	9.1 & 9.2	(281,131,929)	(296,303,642)
			<u>1,086,960,607</u>	<u>950,212,604</u>
9.1	Ijarah rentals receivable include exposure which are secured by way of cash deposits of Rs. nil (June 30, 2022: Rs. 1.675 million).			

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	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
9.2 Provision against ijarah rentals receivable			
Opening balance		296,303,642	198,827,978
Effect of change in accounting estimate / accounting policy		-	51,815,848
Charge for the period / year		15,240,438	77,403,273
Written off during the period / year		(30,412,151)	(31,743,457)
Closing balance		<u>281,131,929</u>	<u>296,303,642</u>
9.3 Related parties from whom the receivables are due are as under:			
Allied Engineering Services Limited (major share holder)		-	1,973,699
Allied Materials (Pvt) Limited (common directorship)		9,100,000	72,000
		<u>9,100,000</u>	<u>2,045,699</u>
9.3.1 Above balance is mark-up free and unsecured. Aging of above balances at the reporting date is as follows:			
Not past due		-	2,045,699
Past due 1-180 days		9,100,000	-
Past due 181-360 days		-	-
		<u>9,100,000</u>	<u>2,045,699</u>
10 OPERATION AND MAINTENANCE INCOME RECEIVABLE			
Balance as at the period / year end		59,988,737	30,035,298
Provision against operation and maintenance income receivable	10.1	(10,593,811)	(8,460,374)
		<u>49,394,926</u>	<u>21,574,924</u>
10.1 Provision against operation and maintenance income receivable			
Opening balance		8,460,374	5,280,305
Effect of change in accounting estimate / accounting policy		-	2,449,008
Charge during the period / year		2,133,437	731,061
Written off during the year		-	-
Closing balance		<u>10,593,811</u>	<u>8,460,374</u>
11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Income tax recoverable	11.1	393,436,482	388,302,795
Federal Excise Duty (FED) receivable	23.1.2	50,000,000	50,000,000
Punjab service sales tax refundable		-	48,803,542
Federal sales tax refundable	23.1.3	9,896,473	9,896,473
Sales tax on imports refundable	11.2	4,182,666	4,182,666
Advances (unsecured):			
- to suppliers for purchase of fixed assets - in own use		-	22,294,036
- to suppliers for expenses		62,876,554	73,046,675
- to employees against salary (interest free & secured against retirement benefit)		3,638,256	3,869,646
- to employees for expenses	11.3	6,261,732	964,651
- to banks against LC margin		36,200,000	-
Security deposits	11.4	20,983,083	20,193,738
Accrued income on profit or loss sharing bank accounts		924,955	652,206
Insurance claim receivable		480,916	463,008
Others	11.5	2,028,200	3,448,148
		<u>590,909,317</u>	<u>626,117,584</u>
Less: Provision against deposits and other receivables	11.6	(329,260)	(329,260)
		<u>590,580,057</u>	<u>625,788,324</u>
11.1			
This includes taxes collected at source at import stage by the collector of customs of Rs 13.894 million (June 30,2022: Rs. 18.466 million) and withholding of taxes of Rs. 113.828 million (June 30, 2022: Rs. 183.561 million) from various payments made to Modaraba. An amount of Rs. 120.573 million (June 30, 2022: 261.325 million), representing income tax payable as at December 31, 2022, is netted off from the gross balance of tax recoverable.			

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- 11.2 The Modaraba filed Constitutional Petition in the High Court of Sindh, against levy of additional sales tax (AST) @ 3% at the time of import of equipments. The Sindh High Court stayed the said levy vide its order dated January 1, 2013. After the grant of the stay order the direction of the Sindh High Court, the amount of 3% additional sales tax has been deposited with the Nazir of the court for release of various consignments received thereafter. Later on the Ministry of Finance, Economic Affairs, Statistics and Revenue (Revenue Division) vide SRO No. 367(1)/2013 dated May 8, 2013 also exempted Service Industry from levy of additional sales tax hence admitted the legal advisor's contentions. The Management believes that the petition will be decided in the Modaraba's favour. Once decided, the amount deposited with the Nazir will be released. Accordingly, no provision has been recognised in these condensed interim financial statements.
- 11.3 These represent advances given to employees for expenses. The maximum amount receivable at the end of any month during the period was Rs. 3.063 million (June 30, 2022: Rs. 4.158 million).
- 11.4 These include a cash margin and security deposits of Rs. 18.266 million (June 30, 2022: Rs. 17.381 million) held by the Banks as security for the guarantees of the same amount given by them on behalf of the Modaraba to its suppliers / customers.
- 11.5 These include a balance of Rs. 1.538 million (June 30, 2022: Rs. 2.958 million) receivable from the Allied e-commerce against sale of ijarah asset and payments made on behalf of Company.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
11.6	Provision against deposits and other receivables		
	Opening balance	329,260	1,028,375
	Reversal during the period / year	-	(699,115)
	Closing balance	<u>329,260</u>	<u>329,260</u>

12 CASH AND BANK BALANCES

Balances with banks in:			
- current accounts		89,766,190	128,143,738
- deposit accounts	12.1	<u>161,963,936</u>	<u>161,994,889</u>
		251,730,126	290,138,627
Cash in hand		<u>770,300</u>	<u>285,292</u>
		<u>252,500,426</u>	<u>290,423,919</u>

- 12.1 These balances carry profit at rates ranging from 10.05% to 13.04% per annum (June 30, 2022: 3.00% to 7.25% per annum).

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

13.1 Authorised certificate capital

December 31, 2022 (Unaudited) (Number of certificates)	June 30, 2022 (Audited)		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----				
<u>250,000,000</u>	<u>250,000,000</u>	Modaraba certificates of Rs. 10 each	<u>2,500,000,000</u>	<u>2,500,000,000</u>

13.2 Issued, subscribed and paid-up certificate capital

December 31, 2022 (Unaudited) (Number of certificates)	June 30, 2022 (Audited)		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----				
220,000,000	220,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	1,726,250,000	1,726,250,000
47,375,000	47,375,000	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	473,750,000	473,750,000
<u>267,375,000</u>	<u>267,375,000</u>		<u>2,200,000,000</u>	<u>2,200,000,000</u>

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13.3 Following certificates are held by associated companies of the Modaraba:

	2022		2022	
	Number of certificates	(Rupees)	Number of certificates	(Rupees)
Allied Engineering and Services (Private) Limited	151,931,073	1,519,310,730	151,931,073	1,519,310,730
Allied Engineering Management Company (Private) Limited	43,999,997	439,999,970	43,999,997	439,999,970
	<u>195,931,070</u>	<u>1,959,310,700</u>	<u>195,931,070</u>	<u>1,959,310,700</u>

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
14 DEFERRED LIABILITY FOR STAFF GRATUITY			
Deferred liability for staff gratuity	14.1	<u>146,843,658</u>	<u>132,755,367</u>
15 OTHER LONG-TERM EMPLOYEE BENEFIT			
Other long-term employee benefit		<u>22,119,524</u>	<u>27,766,018</u>

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 4.846 million (2022: Rs. 6.137 million).

16 LIABILITY AGAINST RIGHT-OF-USE ASSETS

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

	December 31, 2022 (Unaudited)		June 30, 2022 (Audited)	
	Minimum Lease Payments	Present Value of minimum lease payments	Minimum Lease Payments	Present Value of minimum lease payments
	----- (Rupees) -----		----- (Rupees) -----	
Not later than one year	19,387,507	16,525,248	20,362,507	16,769,988
Later than one year but not later than five years	22,962,500	21,932,340	32,862,500	30,738,716
Later than five years	-	-	-	-
	<u>42,350,007</u>	<u>38,457,588</u>	<u>53,225,007</u>	<u>47,508,704</u>
Financial charges allocated to future periods	(3,892,412)	-	(5,716,303)	-
	<u>38,457,595</u>	<u>38,457,588</u>	<u>47,508,704</u>	<u>47,508,704</u>
Less: current maturity	(15,293,611)	(15,293,604)	(16,769,988)	(16,769,988)
	<u>23,163,984</u>	<u>23,163,984</u>	<u>30,738,716</u>	<u>30,738,716</u>

The remaining lease term is of 26 months (June 30, 2022: 6 to 31 Months) and present values have been discounted ranging from 9.59% to 10.01% per annum (June 30, 2022: 9.25% to 10.01%).

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
17 DIMINISHING MUSHARAKA FINANCING PAYABLE - SECURED			
Musharaka finance	17.1 & 17.2	996,018,023	956,381,734
Due within one year		(386,510,139)	(410,600,730)
		<u>609,507,884</u>	<u>545,781,004</u>
17.1 Financing from Islamic window operations of banks	17.2	<u>996,018,023</u>	<u>956,381,734</u>

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- 17.2 The total facility from Musharaka finance available from financial institutions amounts to Rs. 996.018 million (June 30, 2022: Rs. 956.382 million). These facilities have maturities from July 11, 2023 to May 31, 2026 (June 30, 2022: August 08, 2022 to May 31, 2026) and are secured against the hypothecation of Ijarah assets amounting to Rs. 3,045.185 million (June 30, 2022: Rs 3,648.968 million). Share of profit payable on these facilities ranges between 11.27% to 18.48 per annum (June 30, 2022: 7.88% to 16.14%) per annum.

18 LONG TERM BORROWINGS AND DEFERRED GRANTS

Due to the effects of Covid -19 pandemic, the State Bank of Pakistan (SBP) took various steps to support the economy, the SBP introduced a refinance scheme for the payment of salaries and wages at subsidized rate of borrowings. The Modaraba has obtained the said facilities of Rs. 165.473 million from Habib Bank Limited at subsidized rate of 3% per annum and of Rs. 160 million from Bank Alfalah Limited at 3% subsidized mark-up rate. The principal amount of Habib Bank Limited against two facilities is payable in eight quarterly instalments of Rs. 6.402 million and Rs. 14.282 million commencing from January 1, 2021 which is secured against hypothecation charge over machines and spares amounting to Rs. 350.914 million (June 30, 2022: Rs. 350.914 million). The principal amount of Bank Alfalah Limited against three facilities is payable in eight quarterly instalments of Rs. 8.789 million, Rs. 4.714 million and Rs. 6.496 million starting from March 3, 2021 which are secured against hypothecation charge over machines amounting to Rs. 225 million (June 30, 2022: Rs. 225 million). The facility is available to all the eligible borrowers meeting the threshold requirement.

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
Details are as follows:			
SBP Salary refinance scheme		19,809,880	99,812,830
Deferred income - government grant		223,316	1,934,864
Outstanding balance		20,033,196	101,747,694
Current portion of SBP Salary refinance scheme		19,809,880	99,812,830
Current portion of deferred income - government grant		223,316	1,934,864
		20,033,196	101,747,694
Long term portion of the SBP salary refinance scheme		-	-
Long term portion of deferred income		-	-
		-	-
	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
------(Rupees)-----			
19 DEFERRED TAX LIABILITY			
Deferred tax liability	19.1	900,435,179	866,017,146

19.1 Movement in temporary differences during the period:

	As at July 1, 2022	Recognised in P&L	Recognised in OCI	As at December 31, 2022
----- Rupees -----				
Taxable temporary differences on				
- Ijarah assets	964,711,785	56,712,322	-	1,021,424,107
- Fixed assets - in own use	17,012,678	(4,216,770)	-	12,795,908
	981,724,463	52,495,552	-	1,034,220,015
Deductible temporary differences on				
- Deferred liability for staff gratuity	(43,809,271)	(4,649,136)	-	(48,458,407)
- Liability against right-of-use assets	(15,677,872)	2,986,866	-	(12,691,006)
- Ijarah rentals receivable	(54,681,762)	(15,455,643)	-	(70,137,405)
- Operation and maintenance income receivable	(1,538,412)	(959,606)	-	(2,498,018)
	(115,707,317)	(18,077,519)	-	(133,784,836)
	866,017,146	34,418,033	-	900,435,179

At the

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
20 OTHER LONG TERM LIABILITIES			
Security deposits	20.1	-	1,675,000
Employee car scheme - deductions	20.2	37,518,032	33,076,087
		<u>37,518,032</u>	<u>34,751,087</u>
Current portion of security deposits		-	1,675,000
Current portion of employee car scheme - deductions		13,888,616	9,829,551
		<u>13,888,616</u>	<u>11,504,551</u>
Non-current portion of security deposits		-	-
Non-current portion of employee car scheme - deductions		23,629,416	23,246,536
		<u>23,629,416</u>	<u>23,246,536</u>

20.1 This represents security deposits payable in respect of assets given under Ijarah arrangements (IFAS-2).

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

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
21 PAYABLE TO THE MODARABA MANAGEMENT COMPANY			
Remuneration payable to Management Company - net		15,440,883	9,219,525
Sindh Sales Tax payable on remuneration of Management Company		650,000	1,300,000
		<u>16,090,883</u>	<u>10,519,525</u>

21.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the period ending December 31, 2022 has been recognised at 1.11% (June 30, 2022: 1.32%) of the profit before tax before charging such remuneration.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
------(Rupees)-----			
22 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors	22.1	984,122,904	952,003,413
Accrued expenses	22.2	180,141,083	150,952,442
Payable to Worker's Welfare Fund		8,174,562	12,554,586
Tax deduction at source from			
- employees		1,269,837	952,765
- suppliers		2,624,594	2,841,965
Sales tax payable		18,813,433	6,694,992
		<u>1,195,146,413</u>	<u>1,126,000,163</u>

22.1 This includes Rs. 707.622 million (June 30, 2022: Rs. 670.022 million) and Rs. 28.768 million (June 30, 2022: Rs. 18.656 million) payable to Allied Engineering and Services (Private) Limited and Apex Machinery (Private) Limited (associated companies) for various purchases and services availed by the Modaraba.

22.2 This includes an accrual of financial charges of Rs. 23.143 million (June 30, 2022: Rs. 14.251 million), Rs. Nil (June 30, 2022: Rs. 1.180 million) and Rs. Nil (June 30, 2022: Rs. 2.486 million) in respect of Diminishing Musharaka, Running Musharaka and the SBP refinancing facilities availed by the Modaraba, respectively.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Contingencies outstanding as at December 31, 2022 are as follows:

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

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

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

The Commissioner (Appeals) - (SRB) vide an order in appeal number 16/2014 dated February 25, 2014 reduced the demand of Sindh Sales Tax from Rs. 25.633 million to Rs. 12.238 million stating that the differential amount of Rs. 13.395 million pertains to the services rendered outside the province of Sindh. The Modaraba had filed a Constitutional Petition CP No. D-1190 in the Honourable High Court of Sindh against the order of the Commissioner (Appeals) - Sindh Revenue Board (SRB) by virtue of which the Honourable High Court of Sindh vide its order dated March 11, 2014 had suspended the operation of the impugned order of the Commissioner (Appeals) - SRB. Subsequently, the Sindh Revenue Board Tribunal was constituted and became functional in June 2015. The Modaraba, on the direction of the Honourable High Court of Sindh, filed an appeal to the tribunal.

The Tribunal disposed of the appeal in favour of Modaraba. However, the Commissioner has demanded the said tax dues along with default surcharge. The Modaraba has filed an appeal with the Commissioner (Appeals) along with applications for stay of demand which remains undisposed, therefore, the Modaraba filed a petition dated May 15, 2018 in the Honourable High Court of Sindh for the stay of demand and the Court granted a stay order till the next date of hearing.

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

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

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

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

23.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On March 11, 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding a Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @16% of gross receipts of the Modaraba for the above mentioned tax years) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on March 16, 2016. The Modaraba had paid an amount of Rs 50 million to the Federal Board of Revenue under protest in respect of the above.

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In the opinion of the management, pursuant to the 18th amendment in the Constitution of Pakistan, the authority to collect sales tax has been delegated to the provinces. Accordingly, the Modaraba filed Constitutional Petitions with the Honourable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on June 2, 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from July 1, 2011 and also quashed any duty recovered by the FBR.

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

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

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

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and SHC will be in favour of the Modaraba. Accordingly, no provision in respect of FED has been made in these condensed interim financial statements. Further, the under protest payment of Rs 50 million made to the FBR has been shown as a refundable balance in note 11 to these condensed interim financial statements.

As per the opinion of the tax advisor the management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision amounting to Rs. 838.662 million has been made in these condensed interim financial statements.

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

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

The appeal before the CIR (A) filed vide the letter DST 055 dated July 1, 2018 in respect of sales tax on disposal of ijarah assets. The matter was heard earlier and has been re-fixed for hearing on January 20, 2020. The appeal could not be heard due to the transfer of CIR (A).

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

The management, in consultation with its tax advisor, believes that the outcome of the appeal will be in their favour and, accordingly, no provision has been made in these condensed interim financial statements. Further, the under protest payment of Rs. 9.896 million has been shown as a refundable balance in note 11 of these condensed interim financial statements.

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

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- 23.1.5** The Additional Commissioner Inland Revenue (ACIR) issued an order DC No. 02/29 dated October 7, 2020. The order states that on the scrutiny of return and monthly / annual statements filed by the Modaraba for the tax year 2015 showed that the Modaraba has not deducted / partially deducted taxes from the payments against expenses made during the year. In the order, short deductions of tax were calculated by the department on the entire amount of the expenditures claimed in the return (Rs. 1.346 billion). The department demanded Rs. 232.830 million from the Modaraba along with the default surcharge u/s 205 of Rs. 41.910 million.

The Modaraba has filed an appeal against the order in the Sindh High Court and obtained a stay order on this matter. The appeal was heard on February 12, 2021 and later on May 4, 2021. However, order is still awaited. The management, based on its lawyer/tax advisor's view, is of the view that the appeal filed by the Modaraba will be adjudicated in favour of the Modaraba and, accordingly, no provision has been made in these condensed interim financial statements.

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

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

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

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

	December 31, 2022		June 30, 2022	
	------(Rupees)-----			
23.2 Commitments				
Capital commitments and financial guarantees		-		109,991,954
	Six months period ended		Three months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Unaudited) -----			
	----- (Rupees) -----			
24 IJARAH RENTALS - net				
Ijarah rentals	2,717,993,284	2,360,387,811	1,376,213,275	1,314,402,873
Sales tax	(276,023,307)	(225,337,788)	(138,253,419)	(129,601,825)
	<u>2,441,969,977</u>	<u>2,135,050,023</u>	<u>1,237,959,856</u>	<u>1,184,801,048</u>
25 OPERATION AND MAINTENANCE INCOME - net				
Operation and maintenance income	102,782,944	81,516,296	53,908,074	40,809,033
Sales tax	(9,985,489)	(8,208,294)	(6,312,349)	(4,123,068)
	<u>92,797,455</u>	<u>73,308,002</u>	<u>47,595,725</u>	<u>36,685,965</u>

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	Note	Six months period ended		Three months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Unaudited) -----					
----- (Rupees) -----					
26		OPERATION, MAINTENANCE AND IJARAH RELATED EXPENSES			
Salaries, wages and other staff benefits		619,226,728	533,153,129	316,362,794	267,841,957
Depreciation expense	5.1	169,946,677	210,828,631	88,079,812	103,187,761
Repairs and maintenance expenses		207,534,878	245,256,069	103,685,637	144,014,271
Fleet vehicles running expenses		682,706,780	430,640,842	335,513,268	231,503,882
Vehicles running expenses		46,853,173	28,579,921	22,525,938	16,372,583
Insurance expense - equipments		22,899,078	23,273,958	11,139,803	11,622,350
Transportation cost		39,469,355	35,665,150	18,912,500	23,965,750
Travelling, conveyance and other expenses		5,203,310	4,519,088	2,327,210	2,190,505
Rent expense		9,083,456	6,651,451	5,636,095	3,661,034
Provision against slow moving spares		6,210,004	-	6,210,004	-
		<u>1,809,133,439</u>	<u>1,518,568,239</u>	<u>910,393,061</u>	<u>804,360,093</u>

27		ADMINISTRATIVE AND DISTRIBUTION EXPENSES			
Salaries, wages and other staff benefits		90,072,075	75,458,569	45,645,225	41,641,878
Vehicle running costs		15,614,465	9,235,823	7,991,005	4,702,084
Travelling and conveyance		1,494,319	1,186,790	813,963	769,655
Depreciation expense	6.1	25,865,240	22,299,497	13,014,132	15,498,944
Amortisation expense	7.1	228,195	228,195	228,195	228,195
Legal and professional charges		9,984,395	9,637,562	3,866,716	6,804,244
Auditors' remuneration		1,133,937	877,500	1,133,937	877,500
Telephone, postage and fax charges		4,391,034	4,085,108	2,493,551	2,298,914
Advertisement and sales promotion		102,820	105,500	86,100	4,840
Printing and stationery		4,877,045	4,689,498	4,123,086	3,637,842
Insurance cost - vehicles		459,205	401,459	214,902	207,566
Training, meetings and tender participation		682,330	1,408,784	321,821	890,921
Donations	27.1	450,000	300,000	-	250,000
Software development		967,026	326,608	967,026	326,608
Entertainment		2,991,555	2,808,085	1,862,745	1,544,805
Utilities		3,382,026	4,914,537	1,558,472	1,372,402
Security		3,728,572	3,234,804	1,802,160	2,102,309
Miscellaneous		1,936,920	245,658	817,130	146,764
		<u>168,361,159</u>	<u>141,443,977</u>	<u>86,940,166</u>	<u>83,305,471</u>

		Six months period ended	
		December 31, 2022	December 31, 2021
----- (Unaudited) -----			
----- (Rupees) -----			
27.1	Donations		

Donations were paid to the following organisations:

Aab the Need of Life	-	50,000
Anjuman e Hasani	-	50,000
NBFI & MAP Donation	-	150,000
Fatima Kidney Care	-	50,000
Roshan Pakistan Academy	100,000	-
Karachi Relief Trust	200,000	-
Foap-Donation On A/C Khi Relief Trust	100,000	-
Muhammadi Haematology-Donation	50,000	-
	<u>450,000</u>	<u>300,000</u>

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

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- 31.1 Diluted earnings per certificate has not been presented as the Modaraba has not issued any instrument which would have a dilutive impact on basic earnings per certificate when exercised.

32 RELATED PARTY TRANSACTIONS

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

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

Name of the related party	Relationship and percentage shareholding	Transactions during the period	Six months period ended	
			December 31, 2022	December 31, 2021
			----- (Unaudited) -----	
			----- (Rupees) -----	
Allied Engineering Management Company (Private) Limited (the Modaraba Management Company)	Associated Company	Modaraba Management Company's remuneration	5,650,000	5,650,000
		Payment made to the Modaraba Management Company (including management fee) during the period	-	11,300,000
		Dividend paid during the period	-	65,999,996
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)	Associated Company	Purchase of assets	31,366,324	43,067,286
		Purchase of parts and services	180,009,179	187,960,882
		Income from ijarah assets	2,286,882	5,458,206
		Reimbursement of expenses	12,273,294	7,223,736
		Receivable from AESL against customer deposits	1,675,866	394,864
		Dividend paid during the period	-	227,896,610
Apex Machinery (Private) Limited	Associated Company	Purchase of parts and services	10,041,898	8,109,631
Allied E-Commerce Solutions (Private) Limited	Associated Company	Expenses charge during the period	108,468	20,000
Allied Commercial Enterprises (Private) Limited	Associated Company	Income from ijarah assets	-	20,000
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident fund	Contribution to the staff provident fund during the period	10,760,436	10,211,993
		Dividend paid during the period	-	5,602,302
Key management personnel (Other than the CEO and the employees of the Management Company)	Key Management Personnel	Remuneration of the key management personnel during the period	19,505,000	19,110,000
		Dividend paid during the period	-	173,766
		Contribution to the staff provident fund during the period	1,216,450	1,232,898
		Charge for staff gratuity scheme during the period	3,877,768	2,960,788
Directors	Directors of the management company	Dividend paid during the period	-	13,315,873

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

Name of the related party	Relationship and percentage shareholding	Period-end balances	As at period ended	
			December 31, 2022	June 30, 2022
			(Unaudited)	(Audited)
		 (Rupees)	
Allied Engineering Management Company (Private) Limited (Modaraba Management Company)	Associated Company	Outstanding certificates 43,999,997 (June 30, 2022: 43,999,997) Payable to the Modaraba Management Company	<u>439,999,970</u> <u>16,090,883</u>	<u>439,999,970</u> <u>10,519,525</u>
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)	Associated Company	Outstanding certificates 162,999,244 (June 30, 2022: 151,931,073) Payable against purchase of parts and services	<u>1,629,992,440</u> <u>431,016,459</u>	<u>1,519,310,730</u> <u>670,021,629</u>
Apex Machinery (Private) Limited	Associated Company	Payable against purchase of parts	<u>24,611,574</u>	<u>18,656,476</u>
Allied E-Commerce Solutions (Private) Limited	Associated Company	Receivable against miscellaneous expenses	<u>1,538,194</u>	<u>2,958,148</u>
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident Fund	Outstanding certificates Nil (June 30, 2022: 3,734,868)	<u>-</u>	<u>37,348,680</u>
Key Management Personnel	Key Management Personnel	Outstanding certificates 254 (June 30, 2022: 136,844)	<u>2,540</u>	<u>1,368,440</u>
Directors	Directors of Management Company	Outstanding certificates 5,973,845 (June 30, 2022: 8,877,248)	<u>59,738,450</u>	<u>88,772,480</u>

33 SEGMENTAL INFORMATION

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

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

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have two operating segments. The Modaraba's asset allocation decisions are based on an integrated investment strategy. The Modaraba is domiciled in Pakistan and all of its income is generated in Pakistan. 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 and finance lease) and maintenance business (operation and maintenance income). There were no changes in the reportable segments during the period.

The Modaraba is domiciled in Pakistan.

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

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

	As at period ending					As at period ending				
	December 31, 2022					December 31, 2021				
	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total
Segment revenues / profits	(Rupees)					(Rupees)				
Revenue	1,336,260,533	92,797,455	1,429,057,988	1,105,709,444	2,534,767,432	1,164,186,361	80,847,656	1,245,034,016	963,324,009	2,208,358,025
Operating Expenses	(953,726,004)	(66,232,103)	(1,019,958,107)	(789,175,332)	(1,809,133,439)	(800,547,924)	(55,594,555)	(856,142,479)	(662,425,760)	(1,518,568,239)
Gross Profit	382,534,529	26,565,352	409,099,881	316,534,112	725,633,993	363,638,437	25,253,100	388,891,537	300,898,249	689,789,786
Finance Cost	(46,026,647)	(3,196,350)	(49,222,997)	(38,085,461)	(87,308,458)	(34,629,017)	(2,404,834)	(37,033,851)	(28,654,315)	(65,688,166)
Administrative Expenses	(88,755,429)	(6,163,677)	(94,919,106)	(73,442,053)	(168,361,159)	(74,565,422)	(5,178,243)	(79,743,665)	(61,700,312)	(141,443,977)
Other expenses	(15,948,423)	(1,107,548)	(17,055,971)	(13,196,769)	(30,252,740)	(64,793,216)	(4,499,606)	(69,292,822)	(53,614,148)	(122,906,970)
Other income	28,261,766	1,962,656	30,224,422	23,385,635	53,610,057	28,303,747	1,965,572	30,269,319	28,303,747	53,689,692
Reportable segment profit before tax	260,065,796	18,060,433	278,126,229	215,195,464	493,321,693	217,954,529	15,135,990	233,090,519	185,233,220	413,440,365
Taxation	(81,707,086)	(5,674,200)	(87,381,286)	(67,609,792)	(154,991,078)	(87,485,418)	(6,075,480)	(93,560,898)	(72,391,163)	(165,952,061)
Profit / (loss) after taxation	178,358,710	12,386,233	190,744,943	147,585,672	338,330,615	130,469,111	9,060,510	139,529,620	112,842,057	247,488,304

	As at December 31, 2022					As at June 30, 2022				
	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total	Ijarah Rentals- Others	Operation and Maintenance	Total Rental Business	Logistics Business	Total
	Segment assets and liabilities	(Rupees)					(Rupees)			
Assets										
Ijarah assets	4,817,512,249	-	4,817,512,249	1,391,491,369	6,209,003,618	4,613,963,412	-	4,613,963,412	1,332,698,275	5,946,661,687
Fixed assets - in own use	169,461,623	1,334,112	170,795,735	19,694,097	190,489,832	168,255,577	1,656,723	169,912,300	20,284,816	190,197,116
Intangible asset	342,291	-	342,291	-	342,291	570,486	-	570,486	-	570,486
Short term security deposits	50,000	-	50,000	-	50,000	50,000	-	50,000	-	50,000
Spare parts	341,691,946	-	341,691,946	6,642,771	348,334,717	276,867,210	-	276,867,210	4,444,422	281,311,632
Ijarah rentals receivable	777,348,632	-	777,348,632	309,611,975	1,086,960,607	633,409,042	-	633,409,042	316,803,562	950,212,604
Operation and maintenance income receivable	-	49,394,926	49,394,926	-	49,394,926	-	21,574,924	21,574,924	-	21,574,924
Advances, deposits, prepayments and other receivable	496,497,630	351,088	496,848,718	41,245,108	538,093,826	580,928,591	165,135	581,093,726	44,694,598	625,788,324
Cash and bank balances	252,500,426	-	252,500,426	-	252,500,426	290,423,919	-	290,423,919	-	290,423,919
	6,855,404,797	51,080,126	6,906,484,923	1,768,685,320	8,675,170,243	6,564,468,237	23,396,782	6,587,865,019	1,718,925,673	8,306,790,692
Liabilities										
Deferred liability for staff gratuity	119,319,261	14,263,067	133,582,328	13,261,330	146,843,658	107,871,681	12,894,658	120,766,339	11,989,028	132,755,367
Other long-term employee benefit	17,514,751	1,906,424	19,421,175	2,698,349	22,119,524	22,243,543	2,122,883	24,366,426	3,399,592	27,766,018
Liability against right-of-use assets	38,457,595	-	38,457,595	-	38,457,595	45,708,704	-	45,708,704	1,800,000	47,508,704
Diminishing musharaka financing payable - secured	905,352,480	-	905,352,480	90,665,543	996,018,023	821,577,496	-	821,577,496	134,804,238	956,381,734
Long term borrowings and deferred grants	20,033,196	-	20,033,196	-	20,033,196	101,747,694	-	101,747,694	-	101,747,694
Deferred tax liability	474,684,966	32,964,797	507,649,763	392,785,416	900,435,179	719,289,190	(5,824,691)	713,464,499	152,552,647	866,017,146
Other long term liabilities	29,388,132	1,848,742	31,236,874	6,281,158	37,518,032	25,791,746	3,598,900	29,390,646	5,360,441	34,751,087
Payable to the modaraba management company	16,090,883	-	16,090,883	-	16,090,883	10,519,525	-	10,519,525	-	10,519,525
Creditors, accrued and other liabilities	1,001,899,750	-	1,001,899,750	193,246,663	1,195,146,413	959,127,215	5,789,336	964,916,551	161,083,612	1,126,000,163
Contract liabilities (advance from customers)	70,220,979	855,806	71,076,785	7,913,612	78,990,397	38,375,006	11,392	38,386,398	27,283,897	65,670,295
Unclaimed dividend	1,246,177	-	1,246,177	-	1,246,177	1,246,177	-	1,246,177	-	1,246,177
	2,694,208,170	51,838,836	2,746,047,006	706,852,071	3,452,899,077	2,853,497,977	18,592,478	2,872,090,455	498,273,455	3,370,363,910
Net assets			4,160,437,918	1,061,833,249	5,222,271,166			3,715,774,564	1,220,652,218	4,936,426,782

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33.2 Reconciliation of reportable segments profit, assets and liabilities is as follow:

	Note	December 31, 2022	December 31, 2021
------(Rupees)-----			
Revenues			
Total revenue for reportable segments	24 & 25	2,534,767,432	2,208,358,025
Other Income	29	53,610,057	53,689,692
Revenue from other segments		-	-
Elimination of inter-segment revenue		-	-
Elimination of discontinued operations		-	-
		<u>2,588,377,489</u>	<u>2,262,047,717</u>
Profit before tax			
Total profit before tax for reportable segments		493,321,693	413,440,365
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Elimination of discontinued operation		-	-
Unallocated amounts		-	-
		<u>493,321,693</u>	<u>413,440,365</u>

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

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

34.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at December 31, 2022 and June 30, 2022, there were no financial instruments which were measured at fair values.

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

As at December 31, 2022 (Unaudited)							
Carrying Value				Fair Value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note ------(Rupees)-----							
Financial assets not measured at fair value							
34.2							
Cash and bank balances	-	252,500,426	252,500,426	-	-	-	-
Ijarah rentals receivable	-	1,086,960,607	1,086,960,607	-	-	-	-
Operation and maintenance income receivable	-	49,394,926	49,394,926	-	-	-	-
Advances, deposits and other receivables	-	64,255,410	64,255,410	-	-	-	-
Security deposits	-	50,000	50,000	-	-	-	-
	-	<u>1,453,161,369</u>	<u>1,453,161,369</u>	-	-	-	-

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As at December 31, 2022 (Unaudited)							
Carrying Value				Fair Value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note (Rupees)

Financial liabilities not measured at fair value

34.2							
Creditors, accrued and other liabilities Payable to the Modaraba Management Company	-	-	1,172,438,549	1,172,438,549	-	-	-
Diminishing musharaka financing payable - secured	-	-	16,090,883	16,090,883	-	-	-
Long term borrowings and deferred grants	-	-	996,018,023	996,018,023	-	-	-
Liability against right-of-use assets	-	-	20,033,196	20,033,196	-	-	-
Unclaimed dividend	-	-	38,457,595	38,457,595	-	-	-
	-	-	1,246,177	1,246,177	-	-	-
	-	-	2,244,284,423	2,244,284,423	-	-	-

As at June 30, 2022 (Audited)							
Carrying Value				Fair Value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note (Rupees)

Financial assets not measured at fair value

34.2							
Cash and bank balances	-	-	290,423,919	290,423,919	-	-	-
Ijarah rentals receivable	-	-	950,212,604	950,212,604	-	-	-
Operation and maintenance income receivable	-	-	21,574,924	21,574,924	-	-	-
Advances, deposits and other receivables	-	-	28,630,435	28,630,435	-	-	-
Security deposit	-	-	50,000	50,000	-	-	-
	-	-	1,290,891,882	1,290,891,882	-	-	-

Financial liabilities not measured at fair value

34.2							
Creditors, accrued and other liabilities Payable to the Modaraba Management Company	-	-	1,102,955,855	1,102,955,855	-	-	-
Diminishing musharaka financing payable - secured	-	-	10,519,525	10,519,525	-	-	-
Long term borrowings and deferred grants	-	-	956,381,734	956,381,734	-	-	-
Liability against right-of-use assets	-	-	101,747,694	101,747,694	-	-	-
Unclaimed dividend	-	-	47,508,704	47,508,704	-	-	-
	-	-	1,246,177	1,246,177	-	-	-
	-	-	2,220,359,689	2,220,359,689	-	-	-

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

35 GENERAL

35.1 Figures in these condensed interim financial statements for the quarters ended December 31, 2022 and December 31, 2021 have not been subjected to limited scope review of the auditors.

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35.2 Reclassification of comparatives

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

35.3 Date of authorisation

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



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

Muhammad Saad
Chief Financial Officer

Murtaza Ahmed Ali
Chief Executive Officer

Abdul Rahim Suriya
Director

Syed Feisal Ali
Director