

RISING TO THE CHALLENGE



Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

ANNUAL REPORT 2018

Rising to the challenge

Rising to the challenge - to act in response to situations and to be successful.







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سالانہ نظر ثانی
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ڈائریکٹرز کی رپورٹ

تشکیل نیابت داری Proxy

Achieving

To achieve requires the trust and reliability of partners who share a goal. To have the intuition to preempt a customer's needs and to be flexible to respond effectively.



Reliability

To have reliability in every situation armed with the knowledge that the task and its core working will not be compromised.







Expertise

As one of the leading Rental Modarabas in Pakistan, operating for over 10 years, we believe in working closely with our clientele and stakeholders. We have seen growth since our inception proving that we can rise to any challenge.





A large ship's hull and yellow crane are visible on the left side of the image, resting on a dark, pebbly beach. In the background, there are dark, misty mountains under a bright, hazy sky. The text is overlaid on the right side of the image.

More Productive

When individual units, complete in themselves, work in tandem, a greater, a more productive end can be achieved to rise to challenges.



Vision

To be the market leader through innovative and reliable equipment rental solutions of Caterpillar range of products.

Mission

To provide best value to our customers through innovative and reliable power generation, earth moving and material handling equipment rental solutions.

To maintain the market leadership in power generation equipment rental through continuous growth of rental fleet.



To continuously strive for Modaraba Certificate holders value by aggressively pursuing growth and profit opportunities that leverage our engineering and financial services expertise.

To pursue profitable growth opportunities in Caterpillar earth moving, material handling and other equipment rental solutions,

diversifying our portfolio to other areas of equipment rental solutions.

To provide its countrywide workforce with an environment that stimulates innovation, teamwork, continuous learning and improvement.



Core Values

No document Allied Rental Modaraba has published is more important than our Code of Conduct. From time to time we may revise its words to reflect our constantly evolving enterprise, but the code's basic principle OUR INTEGRITY has never changed.

Modaraba's reputation for integrity is our most valuable asset, Integrity encompasses all that defines and sustains us as a Modaraba - the values we believe in, the high ethical standards we live by, our honesty and behavior in dealing with others, and our commitment to deliver on the promises we make to customers, certificate holders and each other.

Business Ethics

As Modaraba employees, we believe in the importance of working and living according to strong ethical values, as a company and as individuals, we hold ourselves to the highest standard of integrity and ethical behavior. We must always tell the truth.

Human Relationship

Modaraba's continued success requires that we continually seek ways to do our jobs and make our products and services better. Using our individual skills and talents, we must each take personal responsibility for meeting our shared goals and keeping our commitments. We must always consider an "enterprise point of view" that promotes the best results for our Modaraba as a whole.

Business Practices

We know that we can achieve long term business success only when everyone involved behaves honestly and responsibly. We guide our business practices by this

principle and expect everyone who does business with us to do the same.

Social Responsibility

Wherever we conduct business or invest our resources, we know that our commitment to financial success must also take into account social, economic, political and environmental priorities. We believe that our success should also contribute to the quality of life and the prosperity of communities where we work and live.

Living by the Code

With the commitment of all Modaraba employees to guide their professional and personal behavior according to our Code of Conduct, its principles become only words. Each of us must accept personal responsibility to read the Code, understand what it means, and apply it consistently.

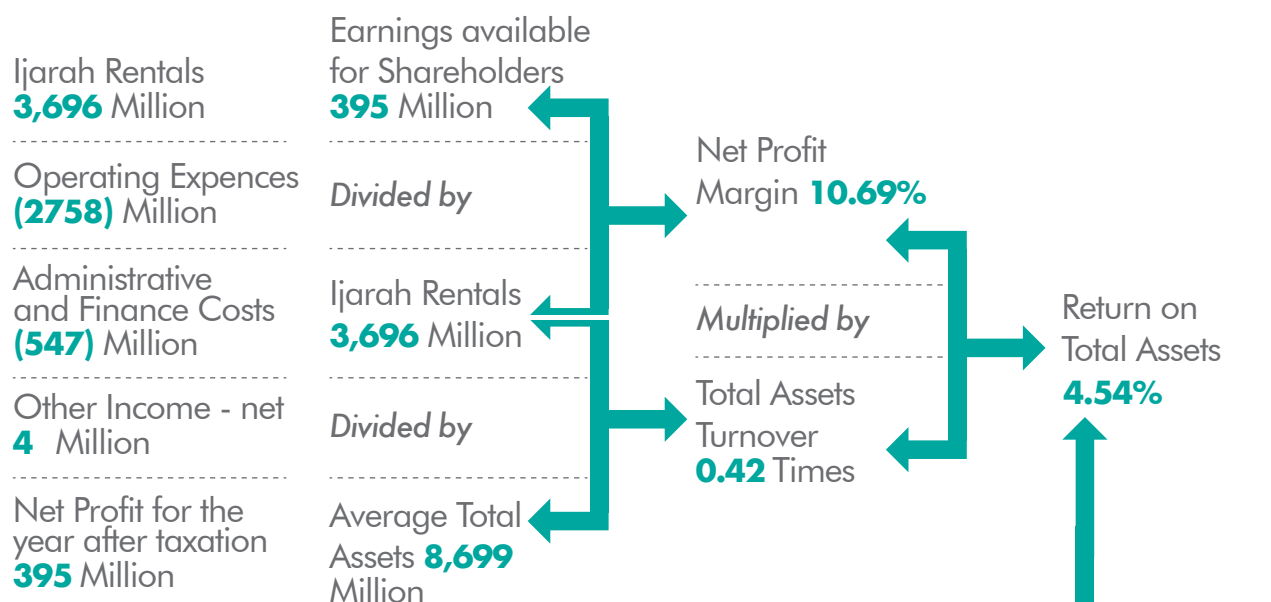




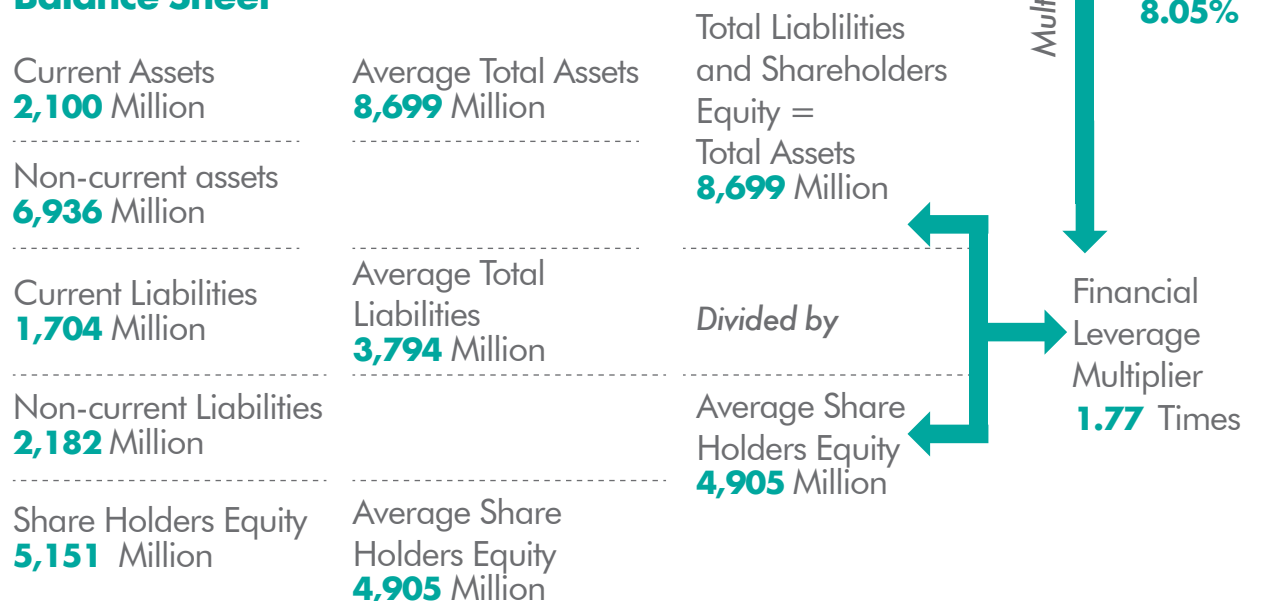
DuPont Analysis

By Abid Altaf

Profit and Loss Account

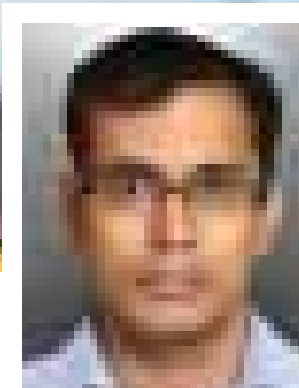


Balance Sheet



	2018	2017
Return on Equity	8.05%	10.11%
Net Profit Margin	10.69%	14.70%
Asset Turnover	0.42	0.40
Financial Leverage	1.77	1.72

Workplace Safety



By Ali Ammar

Head of Business Administration
& Compliance

The term safety refers to a condition of being safe or protected. Safety in the context of occupational health and safety means a state of being protected against physical, psychological, occupational, mechanical failure, damage, accident, death, injury, or such highly undesirable events. Safety is also described as a condition, where positive control of known hazards exists in an effort to achieve an acceptable degree of calculated risk such as a permissible exposure limit.

The ILO (International Labor Organization) estimates that some 2.3 million women and men around the world succumb to work-related accidents or diseases every year; this corresponds to over 6000 deaths every single day. Worldwide, there are around 340 million occupational accidents and 160 million victims of work-related illnesses annually. The ILO updates these estimates at intervals, and the updates indicate an increase of accidents and ill health.

- As per ILO's latest statistical data on occupational accidents and diseases and work-related deaths on a world-wide level, diseases related to work cause the most deaths among workers. Hazardous substances alone are estimated to cause 651,279 deaths a year.
- The construction industry has a disproportionately high rate of recorded accidents.

These alarming figures stress for greater focus on SafeTy management whether it is profitable or non-profitable organization. Management is fully

responsible for planning and implementing all protective measures to safeguard all employees and properties from any sort of hazard in the workplace.

Employees need to be trained and informed about all safety aspects they might encounter in their workplaces. Safety monitoring and controlling is one of the major day to day tasks of management, since the accidents, damage, injury and other health hazards cost money, hamper production or service and have tremendous negative effect on employee morale and business goodwill.

Business implications of a good safety management program are far reaching and monumental. A safe workplace tends to be a more efficient. The overall costs of occupational accidents and diseases are often much greater than immediately perceived. Conversely, investing in occupational safety and health (OSH) reduces both direct and indirect costs, decreasing insurance premiums while also improving performance and productivity. It also reduces absenteeism and increases worker morale.

"Safety applies with equal force to the individual, to the family, to the employer, to the state, the nation and to international affairs. Safety, in its widest sense, concerns the happiness, contentment and freedom of mankind."

– William M. Jeffers, former President, Union Pacific Railroad Co. (1946)



Safety at Allied Rental Modaraba

At ARM, we take Safety on top of everything we do and always strive to make a safer workplace and our surroundings wherever we operate. Our EHS policy states that:

At Allied Rental Modaraba, we are committed to continuously improve the quality of our services, while ensuring the health, safety and welfare of our employees and those under our influence in the neighborhood and community at large.

To achieve this goal, we shall:

- **Create and maintain a safety culture through regular trainings and meetings.**
- **Integrate Safety in the design and engineering of our services and products.**
- **Minimize harm to the environment through pollution prevention measures.**
- **Strive for the continuous improvement of our safety management system.**

We commit ourselves to actively implement this EHS policy. This policy shall be reviewed annually against latest statutory/local laws and regulations, to upgrade our safety policies and procedures

In the words of John F Kennedy, the famous US president,

"We must never forget that the highest appreciation is not to utter words, but to live by them." – Former U.S. President John F. Kennedy

To ARM, our EHS policy is merely not words but a promise we make to ourselves every day and take every possible measure to create a Safe and healthy environment. To achieve this, we have a dedicated team of Safety professionals having international certifications and vast experience of Safety operations in different industries across Pakistan. The aim of our safety team is to create and maintain a high level of interest and awareness of safety to employees through regular trainings and also to ensure safety compliance at all levels through rigorous checks, inspections and audits. Our commitment to safety and compliance makes ARM a preferred vendor for all Multinationals and Blue chip companies operating in Pakistan. ARM takes great pride being among the first few Rental dealers of Caterpillar across the globe, to be awarded **FIVE STAR Certification** status for its Safety and Compliance program.

Safety at a Glance

Following is a snapshot of ARM's Safety related activities during last 12 months period.

Total number of Safety Audits & Inspections	773
Total number of Training sessions conducted	305
Total number of staff trained	2,126

Why is workplace safety so important? Because it benefits both the company and the worker. Safety transforms a company and its employees into a team of people with a common goal. It is a win for everybody.

THE SAFE WAY IS THE BEST WAY!

Modaraba Information

Board of Directors

Mr. Khwaja Asif Rahman
Chairman

Mr. Murtaza Ahmed Ali
Chief Executive

Syed Feisal Ali
Non - Executive Director

Mr. Raees A. Khan
Non - Executive Director

Mr. Ali Akbar
Non - Executive Director

Mr. Hassan Shehzad Abidi
Non - Executive Director

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

Audit Committee

Mr. Abdul Rahim Suriya (Independent)
Chairman

Syed Feisal Ali
Member

Mr. Ali Akbar
Member

Chief Financial Officer

Mr. Naveed Shaheen

Company Secretary

Mr. Muhammad Saad

Head of Internal Audit and Secretary to Audit Committee

Mr. Abid Altaf

Human Resource and Remuneration Committee

Mr. Abdul Rahim Suriya (Independent)
Chairman

Syed Feisal Ali
Member

Mr. Murtaza Ahmed Ali
Member

Mr. Khwaja Asif Rahman
Member

Strategic Management

Syed Zulqarnain Jafri
Business Unit Head - Power

Mr. Ali Ahsan
Business Unit Head - Logistics & MHE

Mr. Rashid Jehangiri
Business Unit Head - Machines and Cranes

Mr. Ali Ammar
Business Administrator

Mr. Muhammad Azeem Siddiqui
Head of Human Resource and
Administration

Mr. Muhammad Farooq
Head of Information Technology

Islamic Banks, Islamic Window of Commercial Banks & Lending Institutions

Habib Bank Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Bank Limited

United Bank Limited

Orix Modaraba (Formerly Standard
Chartered Modaraba)

First Habib Modaraba

Meezan Bank Limited

Burj Bank Limited

Auditors

KPMG Taseer Hadi & Co. Chartered
Accountants

Credit Rating Appraiser

JCR - VIS Credit Rating Company Limited

Shari'ah Advisor

Mufti Irshad Ahmad Aijaz

Legal Advisor

Mr. Khalil Ahmed Siddiqui, Advocate

Registered & Head office

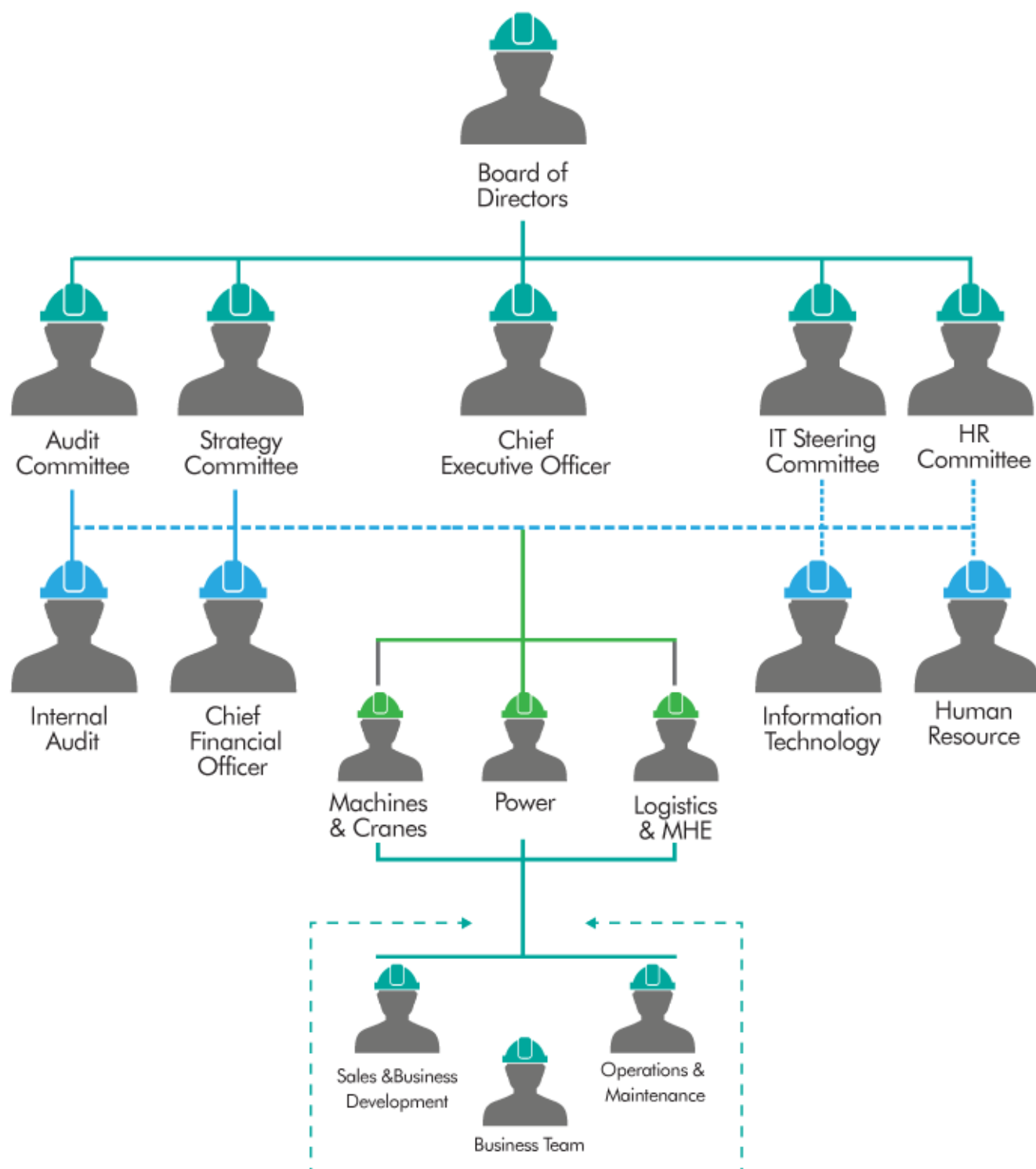
21/3 Sector 22, Korangi Industrial Area,
Karachi - 74900 UAN; (021) 111-250-250

Website: www.arm.com.pk

Registrar & Certificate Transfer Office

JWAFFS Registrar Services (Private) Limited
407-408, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35662023-24
Fax: 021-35221192

Allied Rental Modaraba organogram





Product Profile

Crane Services

Our cranes fleet comprises of diverse equipment to match unique and customized requirement of superior crane services by our customers. Our skilled workforce and brand new cranes of world renowned crane manufacturer "SANY" make us unique and trusted supplier for quality crane rental solutions and a preferred choice for deployment at most

critical sites requiring rigorous compliance, safety and quality standards. Our truck cranes fleet consist of equipment ranges from 20 - 160 tons. Our specially designed dual purpose 10 & 12 tons self loading trucks not only lift load, but also transport the load to desired location providing one window solution for both lifting and transportation jobs.





Inbound Logistics / Material Handling Solutions

Logistics Business

Inbound and outbound logistics is a vital part of any company's supply chain process. Once a good is produced, it must be transported to its final destination in cost efficient manner. Considering equipment quality issues and huge market potential in local logistics business, ARM has entered into this business segment by introduction of new and quality equipment from world famous brands. The combination of excellent equipment and skilled operators gives us the ability to offer a high level of service. All of our equipment is carefully maintained to manufacturer standards and is third-party inspected on a regular basis to ensure safe and smooth operation.

The essence of our MHE services solution is "Total Outsourcing Concept" where all aspects of equipment ownership, operation, maintenance and management are handled through one window, keeping in view customer's unique and customized requirement thus relieving the customer to concentrate on his core business activity. The result is the maximum efficiency and peace of mind for our customers for all of their inbound logistics. Our MHE fleet comprises of forklifts, reach trucks, power pallets, telehandlers, skid steer loaders and other material handling equipment with flexibility of diesel, LPG or battery as fuel depending on our customers' unique requirements.

Trucking Logistics Solution

We offer a wide array of freight services and logistics solutions depending on the specific requirement of our valued customers. ARM offers both Rigid Trucks and Prime Movers with Semi Trailers for Long or Short hauling. Customized design and Vehicle selection is Hallmark of our Logistics business. Our dedicated workforce continuously strives for on-time delivery in the most cost efficient manner. Our professional teams can evaluate logistics requirements and recommend the optimal strategy for business and time frames. All of our trucks have state of the art satellite equipment which allows complete tracking of freight from the time it is loaded until it reaches the final destination. Strict compliance to road laws, regulations and firm adherence to safety standards give us an unrivaled reputation in the market.



Power Generation Equipment

The lifeblood of any business is reliable electric power. Allied Rental offers a range of Caterpillar power generation equipment to meet the most specific requirements for various types of applications. Our rental fleet comprises Gas and Diesel fired Generators, from 100 – 2450 kVA, offers the widest range in the industry. Our Generators can be rented on daily, weekly, monthly or yearly basis with flexible pricing options depending on specific requirement of our customers. ARM also offers long term BOT (Build, Operate and Transfer) solutions where equipment is supplied and operated by ARM for a certain period of time and ownership is transferred to the customer at the end of the contract tenure.

Load Banks

Whether you are commissioning newly installed generators, Performing maintenance testing on equipment, testing your mission critical UPS or you're in need of portable load for testing of your emergency power systems, we provide Load Banks of up to 1050 kW to meet all your load testing requirements.



Construction Machine

Caterpillar machines are leaders in earth moving applications. CAT equipment is available for the broadest range of industries and applications. Our diversified construction machines fleet comprises of world renowned CAT & SEM Motor Graders, Soil Compactors, Wheel Loaders and Dozers. Added recently in our fleet, CATERPILLAR Hydraulic Excavators, give us the diversity and flexibility to handle versatility, and the industry's best fuel efficiency. Robustness, fitness and reliability

Power House Operation and Maintenance

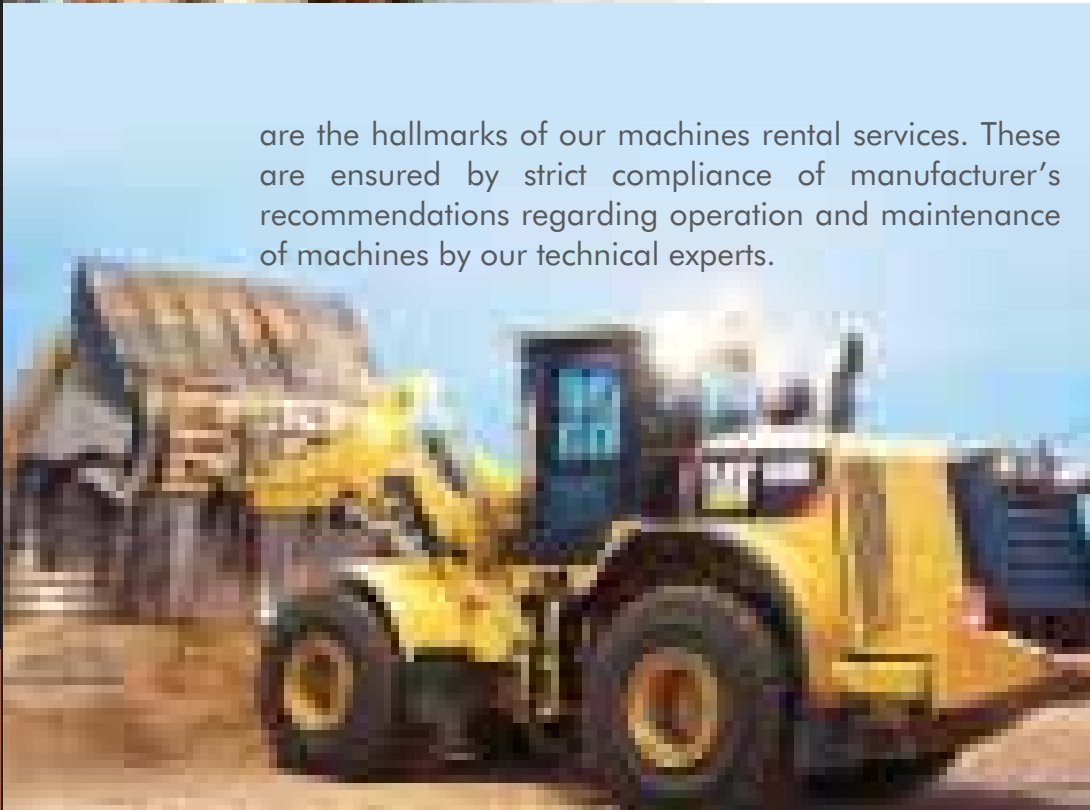
Besides Power Generation Rental Services, the company also provides unmatched and exclusive CATERPILLAR powerhouse Operation and Maintenance (O&M) services to a large number of clients that include all major national and multinational corporations / organizations in diverse fields as Textile, Spinning, Pharmaceuticals, Oil & Gas, Petrochemical, Process & Chemical plants, Hotels, Institutes, Hospitals, etc. With its professionally trained technical staff having rich experience in CATERPILLAR Generators and effective back up support system of Allied Engineering and Services Limited, ARM offers total powerhouse management including complete Operation and maintenance for the customer owned equipment.





Concrete Pumps

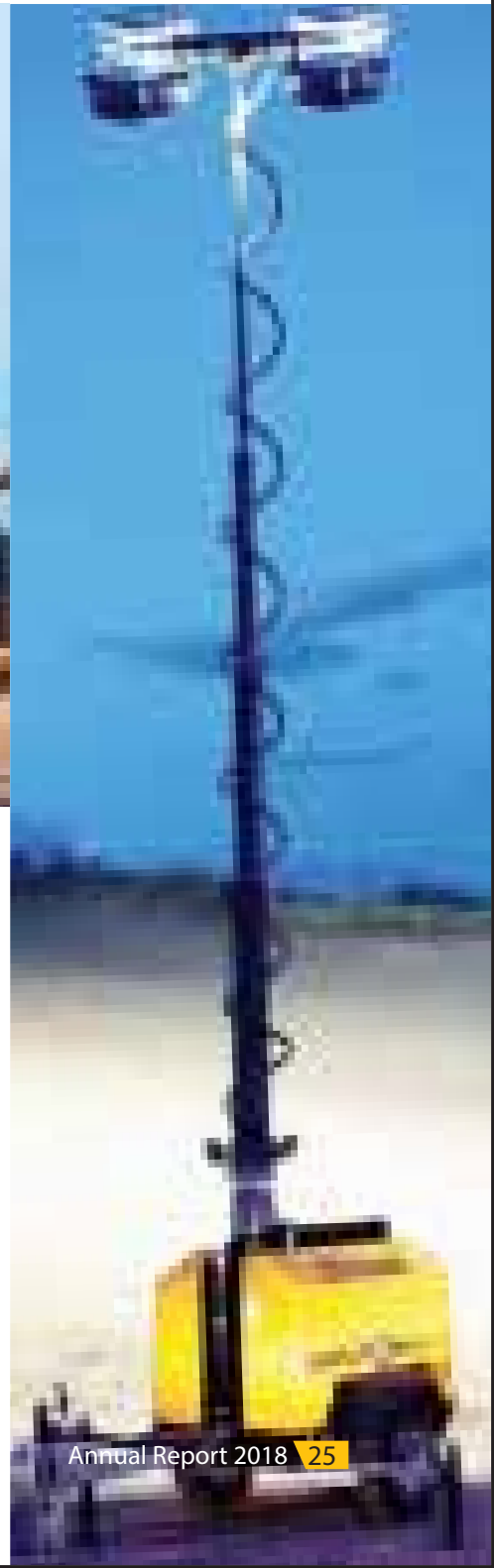
Be it construction of major infrastructure projects like – roads, bridges, railways – or commercial and residential buildings including skyscrapers, hotels, offices, warehouse, shopping complex etc., for round the clock high volume pumping of massive concrete pours, we have got you covered through our world renowned and globally recognized SANY Concrete Pump. High maneuverability, suitability for confined areas, cost/performance value & long reach on high-rise are some of the benefits that make our pumps the most desirable concrete pumping solution in the industry.



are the hallmarks of our machines rental services. These are ensured by strict compliance of manufacturer's recommendations regarding operation and maintenance of machines by our technical experts.

Lighting Towers

Our lighting towers are a quick fix solution pertaining temporary lighting problems at various sites and situations. The utility of this equipment spans to process industries, event management, construction sites, oil and gas fields, outdoor games, exhibitions, shopping malls, etc. Ease of setup and mobility is a key feature of our plug and play mobile units. The use of Caterpillar engine in these lighting towers ensures reliability, performance and enhanced safety in an environment friendly manner. Solar lighting towers are a new addition to our lighting solutions primarily powered by free renewable energy from the sun thus providing a cost effective operation in an environment friendly manner.





Annual Get-Together 2017-18





**First FAW FOAP Cricket
Tournament 2017-18**



**Winning
Moment**



**APL 2017-18 Winner
"Rental Falcon"**



**Allied Table Tennis
Championship 2017-18**

Key Financial Data

		2018	2017	2016	2015	2014	2013
Total Assets	Rs. Million	9,036	8,361	7,211	5,934	5,357	4,440
Current Assets	Rs. Million	2,100	1,667	1,039	671	477	587
Current Liabilities	Rs. Million	1,704	1,533	1,631	1,390	1,256	1,353
Paid-up capital	Rs. Million	2,000	1,755	1,755	1,463	1,219	975
Reserves	Rs. Million	3,151	2,904	2,627	2,241	1,900	1378
Stock holder's equity	Rs. Million	5,151	4,659	4,382	3,704	3,119	2,353
Gross Profit	Rs. Million	938	839	598	712	873	808
Net Profit	Rs. Million	395	458	294	404	651	632
Profit after Tax Ratio	%	11	15	11	15	26	30
Return on Asset	%	5	6	4	7	13	18
Return on Equity	%	8	10	7	12	24	31
Return on Capital employed	%	5	7	5	9	16	20
Expense Ratio	%	83	81	84	78	70	67
Debt / Equity Ratio	%	25 : 75	21 : 79	35 : 65	40 : 60	28 : 72	33 : 67
Current Ratio	times	1.23 : 1	1.09 : 1	0.64: 1	0.48: 1	0.38: 1	0.43 : 1
Price Earning Ratio	times	9.05	9.54	13.07	14.15	10.27	7.51
Earning per certificate - basic and diluted	Rs.	1.89	2.61	1.76	2.89	5.52	5.53
Dividend yield Ratio	%	6	6	4	5	5	7
Dividend Pay out ratio	%	53	57	57	69	54	54
Cash dividend	%	10	15	10	20	30	30
Stock dividend	%	10	0	0	0	0	5
Cash dividend per certificate	Rs.	1.00	1.50	1.00	2.00	3.00	3.00
Book Value per certificate	Rs.	25.75	26.54	24.97	25.33	25.59	24.13
Market Value per certificate	Rs.	17.11	24.90	23.00	40.90	56.70	41.53

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Market Value per certificate	Rs.	17.11	24.90	23.00	40.90	56.70	41.53

Summary of Cash Flows

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Profit for the year	395,124	457,859	294,349	403,529	651,455	631,865
Adjustments For Non-Cash And Other Items	1,069,877	891,677	736,102	770,004	605,484	440,837
Decrease / (increase) in operating assets	(734,100)	(426,768)	(398,121)	(138,503)	(82,320)	(159,074)
Increase / (decrease) in operating liabilities	56,532	(91,463)	292,921	(7,185)	(415,136)	386,728
Cash generated from operations	(677,568)	(518,231)	(105,200)	(145,688)	(497,456)	227,654
Cash Flows From Operating Activities	787,432	831,305	925,251	1,027,846	759,483	1,300,356
Cash Flows From Investing Activities	(1,212,319)	(1,327,805)	(1,625,419)	(1,154,505)	(1,592,817)	(1,913,279)
Cash Flows From Financing Activities	208,678	746,586	683,015	153,139	676,312	700,360
Net Cash increase/ (decrease) during the period	(216,208)	250,086	(17,154)	26,480	(157,022)	87,437
Cash and cash equivalents at beginning of the period	307,439	57,353	74,507	48,027	205,049	117,612
Cash and cash equivalents at end of the period	91,231	307,439	57,353	74,507	48,027	205,049

Value Added Statement

VALUE ADDED

Revenue from Operation
Less: Operating Expense
Add: Other Income

2018		2017	
(Rupees in '000)	(%)	(Rupees in '000)	(%)
3,696,145	100%	3,116,267	99%
(1,182,425)	-	(910,800)	-
13,710	0%	37,678	1%
2,527,430	100%	2,243,145	100%

VALUE ALLOCATED

To Employees

As Remuneration

944,027 37% 724,764 32%

To Providers of Finance

As Ijarah Rentals

9,935 0% 85,639 4%

As Profit on Diminishing Musharakah

223,747 9% 166,303 7%

To Modarib

As Modaraba Management Fee

10,000 0.40% 10,000 0.45%

To Certificate Holders

As Profit on Modaraba Certificates

263,250 10% 175,500 8%

Retained in the Business

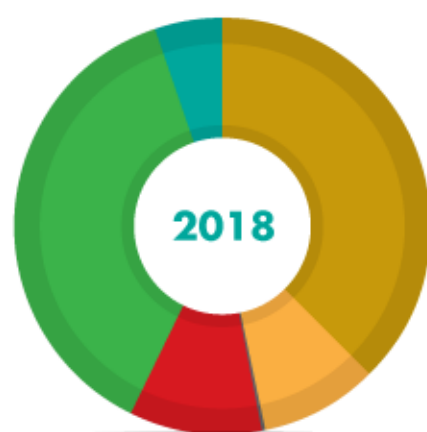
As Depreciation

944,598 37% 798,581 36%

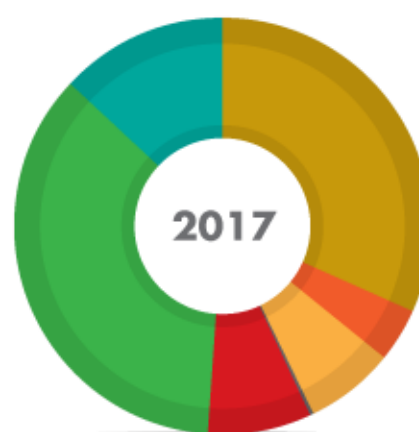
As Reserve and Retained Earnings

131,873 5% 282,358 13%

2,527,430 100% 2,243,145 100%



Value Allocated

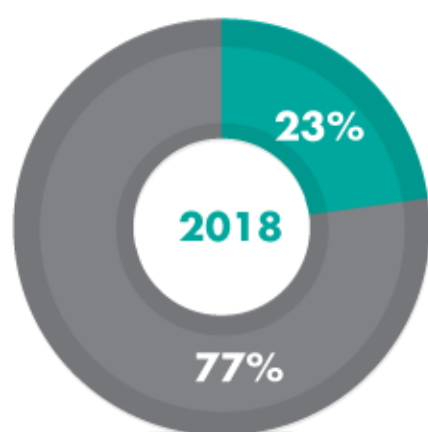


Employees	37%
Providers of Finance - Ijarah Rentals	0%
Providers of Finance - Profit on DM	9%
Modaraba Management Fee	0.40%
Certificate Holders	10%
Retained as Depreciation	37%
Retained as Reserve and Retained Earnings	5%

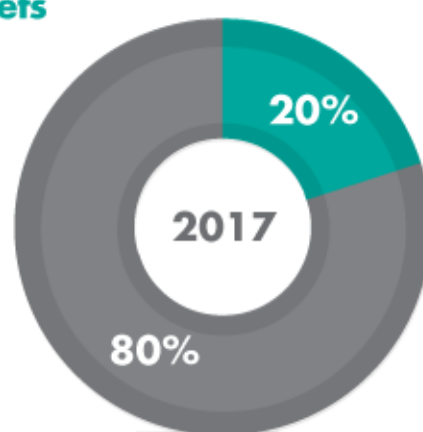
Employees	32%
Providers of Finance - Ijarah Rentals	4%
Providers of Finance - Profit on DM	7%
Modaraba Management Fee	0.45%
Certificate Holders	8%
Retained as Depreciation	36%
Retained as Reserve and Retained Earnings	13%

Balance Sheet Composition

Assets

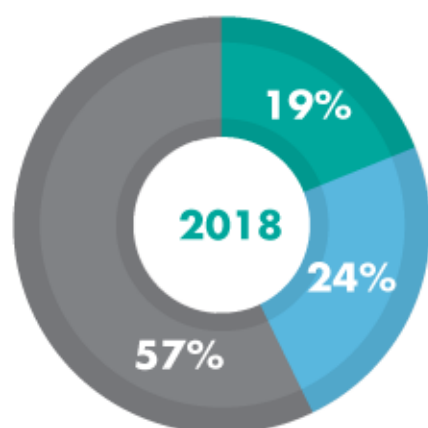


■ Total Current Assets
■ Total Non - Current Assets

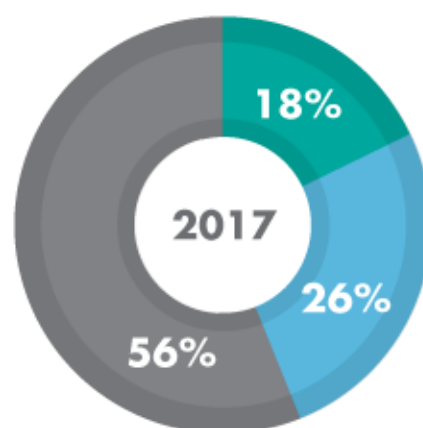


■ Total Current Assets
■ Total Non - Current Assets

Equity & Liabilities



■ Total Current Liabilities
■ Total Long Term Liabilities
■ Certificate Holders' Equity



■ Total Current Liabilities
■ Total Long Term Liabilities
■ Certificate Holders' Equity

Vertical Analysis

BALANCE SHEET

ASSETS

Current assets

	2018	2017	2016	2015	2014	2013
Cash and bank balances	1%	4%	1%	1%	1%	5%
Ijarah rentals receivable	15%	12%	10%	8%	6%	7%
Operation and maintenance income receivable	0%	0%	0%	0%	0%	0%
Advances, deposits, prepayments and other receivable	6%	3%	2%	1%	1%	1%
Spare parts	1%	1%	1%	1%	1%	1%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
	23%	20%	14%	11%	9%	13%

Non-current assets

Long-term security deposits	0%	0%	0%	1%	1%	1%
Diminishing Musharakah financing - secured	0%	0%	0%			
Fixed assets in own use - tangible	1%	1%	1%	1%	1%	1%
Intangible assets in own use	0%	0%	0%			
Ijarah assets	75%	72%	79%	86%	87%	83%
Capital work-in-progress	1%	6%	5%	1%	2%	2%
	77%	80%	86%	89%	91%	87%

	100%	100%	100%	100%	100%	100%
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LIABILITIES

Current liabilities

Creditors, accrued and other liabilities	7%	7%	10%	7%	8%	19%
Bai Muqajjal - unsecured	0%	1%	1%	0%	0%	0%
Payable to the Modaraba Management Company	0%	0%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	11%	10%	11%	16%	15%	11%
Current portion of security deposits	1%	0%	0%	0%	0%	1%
	19%	18%	23%	23%	23%	30%

Non-current liabilities

Diminishing Musharakah financing payable	23%	24%	15%	13%	17%	15%
Deferred liabilities	1%	1%	1%	1%	0%	0%
Other long-term employee benefits	0%	0%	0%	0%	0%	0%
Security deposits	1%	1%	1%	0%	0%	1%
	24%	26%	17%	14%	18%	17%

FINANCED BY : CAPITAL AND RESERVES

Issued, subscribed and paid-up certificate capital	22%	21%	24%	25%	23%	22%
Premium on issue of right certificates	14%	14%	16%	13%	8%	5%
Statutory (mandatory) reserve	18%	17%	18%	20%	20%	18%
Unappropriated profit	3%	4%	3%	5%	7%	8%
	57%	56%	61%	62%	58%	53%
	100%	100%	100%	100%	100%	100%

PROFIT AND LOSS ACCOUNT

Ijarah rentals	96%	95%	96%	95%	94%	93%
Operation and maintenance income	4%	4%	4%	3%	4%	6%
Profit on Ijarah finance	0%	0%	0%	0%	0%	0%
Other income	0%	1%	0%	1%	3%	2%
Gross Revenue	100%	100%	100%	100%	100%	100%

Operating expenses	73%	72%	77%	73%	64%	61%
Administrative and distribution expenses	6%	6%	5%	4%	3%	3%
Provision against potential Ijarah losses and operation and maintenance income	3%	2%	1%	0%	1%	1%
Finance costs	7%	5%	5%	8%	6%	4%
Workers' welfare fund	0%	0%	0%	0%	1%	1%
Total Expenses	89%	85%	89%	85%	75%	71%
Modaraba Management Company's remuneration	0%	0%	0%	0%	0%	0%
Sindh Sales Tax on Management Company's remuneration	0%	0%	0%	0%	0%	0%
Profit Margin	11%	15%	11%	15%	25%	29%

Horizontal Analysis

BALANCE SHEET

ASSETS

Current assets

Cash and bank balances	(70%)
Ijarah rentals receivable	35%
Operation and maintenance income receivable	-1%
Advances, deposits, prepayments and other receivable	101%
Spare parts	44%
Current portion of net investment in Ijarah finance	0%

Non-current assets

Long-term security deposits	0%
Diminishing Musharakah financing - secured	-86%
Fixed assets in own use - tangible	25%
Intangible assets in own use	-18%
Ijarah assets	11%
Capital work-in-progress	-87%

LIABILITIES

Current liabilities

Creditors, accrued and other liabilities	6%
Bai Muqajjal -secured	-100%
Payable to the Modaraba Management Company	-12%
Current portion of Diminishing Musharakah financing payable	27%
Current portion of security deposits	65%

Non-current liabilities

Diminishing Musharakah financing payable	0%
Deferred liabilities	33%
Other long-term employee benefits	17%
Security deposits	0%

FINANCED BY : CAPITAL AND RESERVES

Issued, subscribed and paid-up certificate capital	14%
Premium on issue of right certificates	11%
Statutory (mandatory) reserve	14%
Unappropriated profit	-24%

PROFIT AND LOSS ACCOUNT

Ijarah rentals	19%
Operation and maintenance income	6%
Profit on Ijarah finance	0%
Other income	-64%

Gross Revenue

Operating expenses	21%
Administrative and distribution expenses	17%
Provision against potential Ijarah losses and operation and maintenance income	49%
Finance costs	46%
Workers' welfare fund	0%

Total Expenses

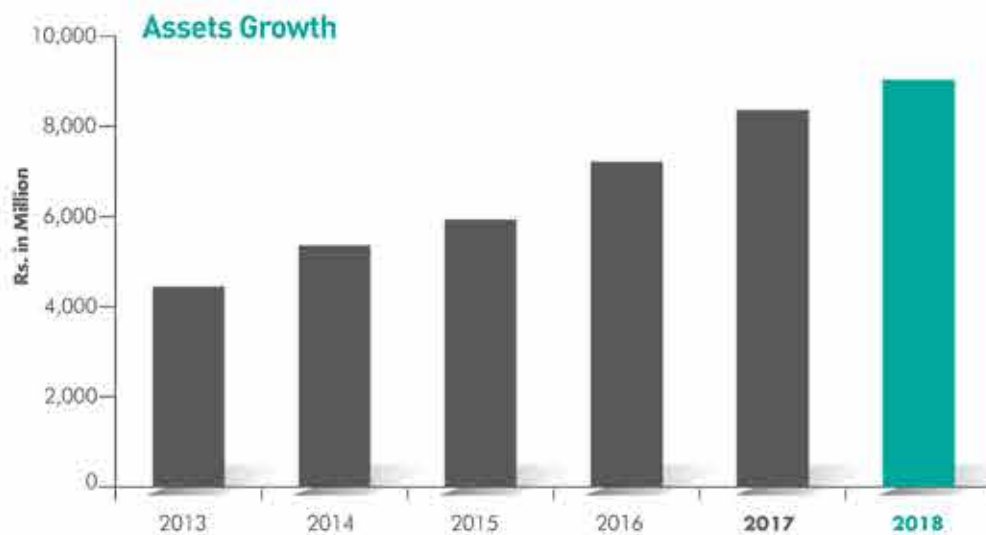
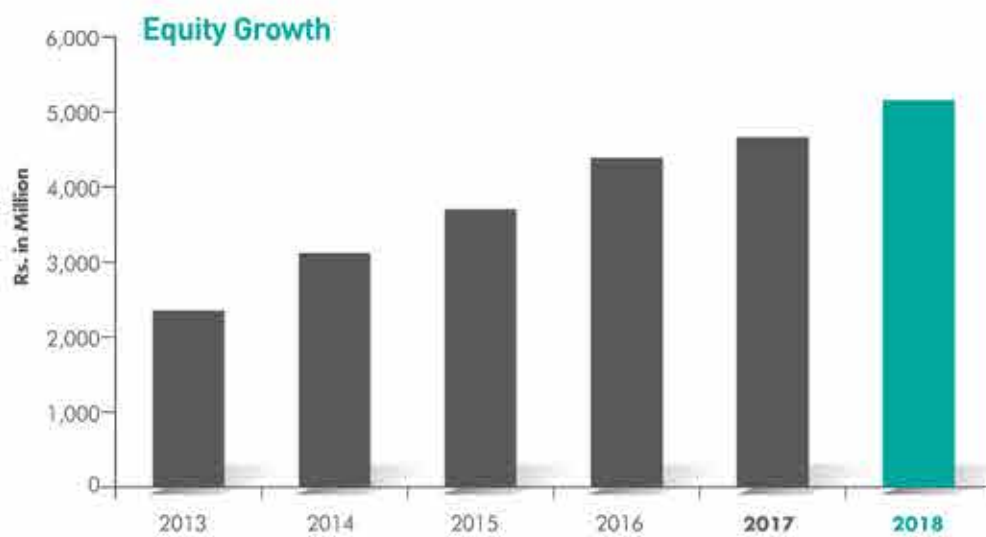
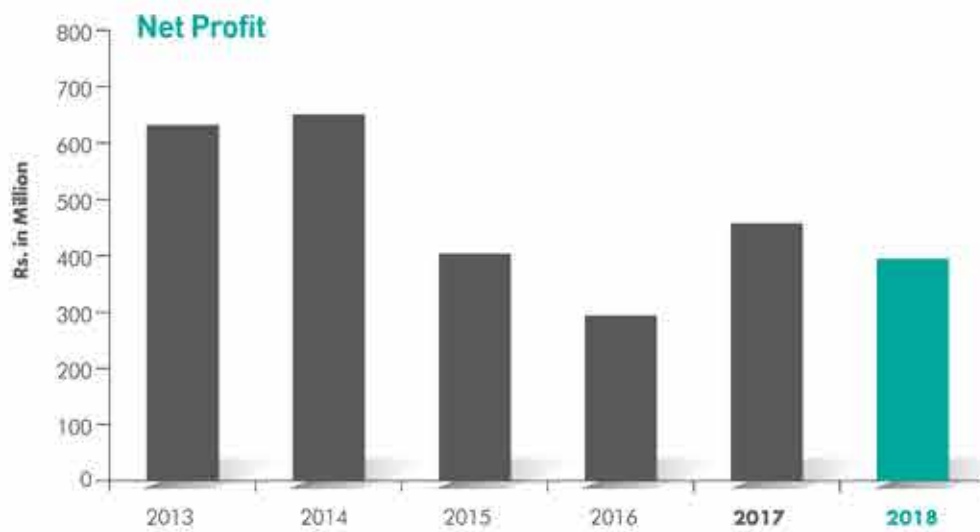
Modaraba Management Company's remuneration	0%
Sindh Sales Tax on Management Company's remuneration	0%

Profit Margin

	2018	2017	2016	2015	2014	2013
ASSETS						
Current assets						
Cash and bank balances	(70%)	436%	-23%	55%	-77%	148%
Ijarah rentals receivable	35%	36%	50%	58%	5%	93%
Operation and maintenance income receivable	-1%	1%	24%	9%	39%	-10%
Advances, deposits, prepayments and other receivable	101%	66%	227%	-8%	2%	122%
Spare parts	44%	10%	60%	-13%	110%	-36%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	-100%
	26%	60%	55%	41%	-19%	66%
Non-current assets						
Long-term security deposits	0%	-100%	-21%	-54%	34%	17%
Diminishing Musharakah financing - secured	-86%	100%				
Fixed assets in own use - tangible	25%	17%	18%	17%	24%	4%
Intangible assets in own use	-18%	62%	100%			
Ijarah assets	11%	6%	12%	10%	26%	72%
Capital work-in-progress	-87%	58%	517%	-47%	43%	-2%
	4%	8%	17%	8%	27%	63%
	8%	16%	22%	11%	21%	64%
LIABILITIES						
Current liabilities						
Creditors, accrued and other liabilities	6%	-16%	60%	5%	-49%	87%
Bai Muqajjal -secured	-100%	0%	100%	0%	0%	0%
Payable to the Modaraba Management Company	-12%	15%	251%	-51%	-4%	60%
Current portion of Diminishing Musharakah financing payable	27%	1%	-15%	15%	63%	151%
Current portion of security deposits	65%	43%	26%	-21%	7%	100%
	11%	-6%	17%	11%	-7%	110%
Non-current liabilities						
Diminishing Musharakah financing payable	0%	84%	43%	-16%	37%	105%
Deferred liabilities	33%	33%	28%	23%	24%	21%
Other long-term employee benefits	17%	120%	-13%	15%	-10%	30%
Security deposits	0%	43%	62%	-4%	-7%	-45%
	1%	81%	43%	-14%	34%	82%
FINANCED BY : CAPITAL AND RESERVES						
Issued, subscribed and paid-up certificate capital	14%	0%	20%	20%	25%	30%
Premium on issue of right certificates	11%	0%	52%	69%	95%	150%
Statutory (mandatory) reserve	14%	14%	9%	9%	35%	43%
Unappropriated profit	-24%	45%	-33%	-17%	8%	34%
	11%	6%	18%	19%	32%	42%
	8%	16%	22%	11%	21%	64%
PROFIT AND LOSS ACCOUNT						
Ijarah rentals	19%	16%	-1%	6%	22%	46%
Operation and maintenance income	6%	13%	6%	4%	-26%	-22%
Profit on Ijarah finance	0%	0%	0%	0%	0%	-61%
Other income	-64%	203%	-67%	-49%	126%	17%
Gross Revenue	18%	17%	-1%	5%	20%	38%
Operating expenses	21%	9%	5%	19%	25%	40%
Administrative and distribution expenses	17%	26%	29%	20%	21%	28%
Provision against potential Ijarah losses and operation and maintenance income	49%	226%	117%	-51%	-2%	322%
Finance costs	46%	20%	-33%	26%	75%	109%
Workers' welfare fund	0%	-100%	-27%	-38%	3%	27%
Total Expenses	23%	12%	3%	19%	28%	44%
Modaraba Management Company's remuneration	0%	13%	-12%	55%	3%	27%
Sindh Sales Tax on Management Company's remuneration	0%	-100%	-19%	45%	-3%	90%
Profit Margin	-14%	56%	-27%	-38%	3%	27%



Financial Summary at a Glance



Annual Review Meeting 2017



Notice of Annual Review Meeting

Notice is hereby given that the 12th Annual Review Meeting of the Certificate Holders will be held on Friday, October 26, 2018 at 02:30 PM at the registered office 21/3, sector 22, Korangi Industrial Area, Karachi, to review the performance of the Modaraba for the year ended June 30, 2018.

The Certificate Holders whose names appear on the Register of Certificate Holders of Allied Rental Modaraba as on October 19, 2018 will be eligible to attend the Annual Review Meeting.

By order of the Board

Muhammad Saad

Company Secretary
August 29, 2018
Karachi.

Note:

1. The Certificate Transfer Book will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive) for the purpose attending Annual Review Meeting. All transfer received in order up to close of business on October 19, 2018 at our Registrar's office M/s JWAFS Registrar Services (Private) Limited, 407-408, Al-Ameera Centre, Shahrah e-Iraq, Saddar, Karachi, will be considered in time.
2. CDC Certificate Holders desiring to attend the meeting are requested to bring their original CNIC, Account and participant's ID number for identification purpose.





Shari'ah Review Report

For the year ended June 30, 2018

الحمد لله رب العالمين، والصلاة والسلام على رسوله الكريم، وعلى آله واصحابه اجمعين، وبعد

I have conducted the Shari'ah review of Allied Rental Modaraba managed by Allied engineering Management Company (Pvt.) Ltd. for the year ended 30 June, 2018 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that in my opinion:

1. the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
2. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed in accordance with the formats approved by the Religious Board and all the related conditions have been met;
3. to the best of my knowledge and according to the explanations given to me, the business transactions undertaken by ARM and all other matters incidental thereto are in conformity with the Shariah requirement as well as the requirement of the prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulation for Modarabas.;

Conclusion:

Based on the above mentioned facts I am of the view that the business operations of ARM are Shari'ah compliant up to the best of my knowledge.

I hope the management would continue its endeavors to comply with rulings of Shari'ah in its business operation and future transactions.

وَصَلَّى اللّٰهُ عَلٰى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّمَ

Irshad Ahmad Aijaz

Dated: 28 August, 2018



Chairmans' Review Report

For the year ended June 30, 2018

I am pleased to present the Annual Report for the year 2018.

During the year, your Modaraba achieved another milestone of crossing the Rs 4 Billion Rental Sales, with 19% addition in Rental Sales for the period. The investment in Rental Fleet were recorded at Rs 1,326 Million during the year, and as such, overall investments made in the last three years stands at Rs 4,583 Million. Our Asset base now stands at net book value of Rs 6.8 Billion, making us the largest company with diversified asset base of around 1,500 rental units from Generators to Cranes, Construction Equipment, Forklifts and trucks to our varied customer base. This reflects Management's continued commitment to investment and diversification for long term sustainable growth of the Modaraba.

During the year, this growth faced a short term impact of dip in our profitability due to higher financial charges, increased depreciation and higher provision for receivables. Despite these factors, the EPS was recorded at Rs 2.08 during the year and the Management is pleased to distribute Cash and Bonus dividend of 10% each.

Despite that fact that the Modaraba is exempt from income tax, subject to distribution of profit upto 90% of accounting profits, after transfer to (mandatory) statutory reserve as required under the Modaraba law, which ARM has always complied since 2007, we are facing Exemption Certificate rejection from Income tax office for withholding taxes on technical grounds. Overall Rs 329 Million of Tax Refunds have accumulated in 2018 accounts, putting severe strain on Modaraba's finances. Management has filed constitutional petition in Sindh High Court against these orders of Income Tax officials.

The Board is ably assisted by its Audit, HR and IT Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Modaraba, ensuring effectiveness of internal controls to present a true and fair view of its financial performance and identify risks and opportunities of the rental business to its Certificate holders, especially due to peculiar nature of Pakistan's macro economic factors.

The HR Committee overviews HR policy framework and recommends selection and compensation mechanism of Modaraba staff. Board is aware that

the major challenge facing the business and the management is the availability of skilled manpower to ensure proper operation and maintenance of its rental fleet. In this connection, Board has directed the Modaraba management to strive for the development of skill base of its technical team through continuous training, in both technical expertise and as well as HSE compliance.

The IT Committee advises the Board on technology initiatives and to align the IT strategic plan with the overall business plan of the Modaraba. This is specifically important as the Modaraba's business is highly operational intensive from both manpower and maintenance management perspectives.

There was no change in the Board composition during the year and Board continued to assist the Management in setting strategic directions of the business with strong focus on diversification and sustainable long term growth of the business, through continuous investment in the rental fleet, so as to not miss the opportunities that the market presents.

Being a Modaraba, Board is aware of Shariah Compliance Framework and advises Management to ensure that all transactions are in complete compliance to Shariah rules and principles, as advised by the Shariah advisor.

I pray to Allah that the Modaraba continues to maintain its momentum of growth in the future.



Khwaja Asif Rahman

Chairman

August 29, 2018

Directors' Report

For the year ended June 30, 2018

The Board of Directors of Allied Engineering Management Company (Private) Limited, the management company of Allied Rental Modaraba [ARM], is pleased to present to its certificate holders the Directors,, Report together with Audited Financial Statements of the Modaraba for the year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

	Rs in '000
Gross Sales Revenue	4,018,614
Net Sales Revenue	3,696,144
Profit for the year	395,124
Un-appropriated profit brought forward	44,002
Available for Appropriation	433,758
Transfer to Statutory Reserve @ 50% of profit for the year	197,562
Proposed cash dividend @ 10% (Rs. 1 per certificate)	200,000
Un-appropriated profit carried forward	36,196
Proposed Bonus issue @ 10% (1 certificate for every 10 certificates held)	200,000
Net profit margin	10.6%
Return on equity	8.05 %
Earning per certificate	Rs. 1.89
Break-up value per Certificate	Rs. 25.86
Price Quoted on Pakistan Stock Exchange on June 30, 2018	Rs 17.11

BUSINESS REVIEW

The Management is pleased to report that the Gross Sales Revenue, inclusive of Provincial Services Sales Tax crossed Rs 4 Billion mark and recorded at Rs 4,019 Million as against Rs 3,365 Million of last year giving it an increase of 19%. This is mainly due to continued diversification of our Rental portfolio and strong Sales growth recorded in all segments of our rental portfolio. We now offer our customers a wide variety of Rental solutions from Rental Power Management to Inbound Warehousing solutions to Outbound Logistics. Net Profit recorded for the period at Rs 395 Million as compared to Rs 458 of previous year, down by Rs 63 Million.



ARM have sustained its strategy of continued investment and as such our Capital Investment for the year stood at Rs 1,326 Million as compared to Rs 1,524 Million of last year. Overall, during last three years the combined Capital Investment stands at Rs 4,583 Million.

Overall, the Power Rental business achieved its revenue targets despite lower demand from the textiles sector for both our Diesel and Gas units, mainly due to better grid availability to the textiles sector. Net Sales for the segment is recorded at Rs 1,781 Million, comprising of all segments including Diesel, Gas and HFO units. Cement and Housing societies were the key sectors that generated major sales for our large engines segment, both Gas and Diesel. LNG availability has ensured better utilization of our Gas Engines, though the price difference of LNG vs Local Gas prices segment is a major challenge for the textiles sector in North, in terms of their market/export competitiveness. During the year, out of 3 HFO units imported by us, 2 HFO units were deployed and successfully commissioned. For 3rd unit deployment due to HFO fuel pricing a challenge, we bartered the HFO unit with CAT Diesel units. All our long term contracts continued with satisfactory payments made by our customers.

Though LNG pricing vis-à-vis local gas pricing is a major challenge from market competitiveness

perspective, especially textiles, but we do see rental opportunity for better and efficient gas engines. Large Diesel engine segment will remain under pressure due to better grid availability, but thankfully we have some long term contracts which will continue to generate Sales for the segment. We are continuously working to further enlarge our customer base and see prospects of deployment of these units on long term contracts.

Rental sales of both our Inbound and Outbound Logistics segment continued with its robust growth during the year with Sales for the year recorded at Rs 1.4 Billion, contributing > 1/3 of our total Sales portfolio. Inbound Logistics segment is continuously growing at steady pace, both in terms of new customers and new fuel efficient units with existing customers for deployment of Forklifts, tractor trollies and Reach stackers at Plant sites to handle logistics within plant premises. These are mostly long term contracts with blue chip companies, handling plant and warehouse logistics on 24/365-day basis.



Our Outbound Logistics segment crossed Rs 1 Billion mark and is the major contributor for the growth of Modaraba's Sales. Our customer base for this segment mainly comprises of blue chip companies in the FMCG sector; Nestle, Engro, Pepsi Riaz Bottlers and Oil and Gas company Schlumberger. With our strong set up and commitment to HSE guidelines, industry sees us as reliable vendor for their outbound logistics. However, the business is full of challenges in terms of non-availability of skilled and reliable manpower. We now feel that we are through with our initial teething problems and gestation period of this business, and see further strong growth prospects. both in terms of development of this segment in the country vis-à-vis its potential with specific reference to CPEC.

CAT Machines and SANY Cranes rental segment also witnessed significant growth due to launch of infrastructure projects under CPEC. This includes

machineries for road construction, coal and LNG based power projects and hydel power projects. Demand for these machineries are high and Management is continuously investing by sourcing both good used and brand new units to cater for the market demand for these units. This includes all sorts of equipment, including Excavators, Motor Graders, Compactors and Concreting equipment. The addition of these units significantly enhances the outreach of our Rental base to the Contractors segment of the country. Revenue of this segment registered a growth of > 50% with Sales of Rs 527 Million as compared to Rs 345 Million of the previous year.

The major challenge of this business is the payment cycle of the contractor. Payment by contractor is dependent on the receipt of his bills from the Government. Especially when the change of government takes place, in such case all payments are halted, resulting in piling up of the Receivables.

We shall remain cautious on new investments for this segment due to current economic dynamics of the country and shall wait how the new PTI Government sets up its growth agenda. We shall have to wait and see how the new government sees CPEC projects vis-à-vis external debt and repayment economics.

Operating Expenses went up by 21% during the year to Rs 2,758 Million as compared to Rs 2,277 Million of the previous year. Accordingly, the Gross Margin percentage went down from 28 % of the previous year to 26% in the current year, to close at Rs 938 Million. Salaries and Wages went up by Rs 206 Million from Rs 615 Millions in previous year to Rs 821 Million in the current year. This was mainly on account of increase in minimum wage levels across the country, presumptive taxation impact on manpower sales and increase in wage levels due to higher demand levels for skilled manpower, especially for Machines and Cranes segment due to CPEC projects.

Pakistan is extremely short in skilled manpower base, with overall quality being very low. This is seen as a major challenge for the development of Cranes and Machine segment, where the wage levels are high, whereas the overall skill base is very low. For our project at Schlumberger, our major challenge during the year remained at finding the required drivers, meeting Schlumberger standards of compliance.

Repairs and Maintenance Expense remained under check and slightly went up by Rs 15 Million to Rs 345 Million as compared to Rs 330 Million for the previous year. Fleet Vehicles running cost went up from 377 Million of previous year to Rs 546 Million. This was mainly due to increase in the Rental Sales of Logistics

segment and increase in the fuel price. The main component of the Fleet Vehicle running cost is the element of Diesel Fuel, which constitutes almost 58% of the total such costs.

Depreciation was recorded at Rs 930 Million as compared to Rs 786 Million in the last year. This was mainly due to new investments and higher depreciation recorded for our BOT contracts. Ijarah Rentals are on the continuous declining trend as most of the contracts are now maturing and accordingly Ijarah Rental expense further went down by Rs 76 Million during the year to Rs 10 Million as compared to Rs 86 Million of the previous year.

In line with continuous increase in our asset base, the Takaful / Insurance charge for the year went up by Rs 9 million.

Administrative and Selling Expenses went up to Rs 207 Million as compared to Rs 177 Million of the preceding year. Salaries and wages went up by Rs 13 Million due to yearly increments. As Modaraba is continuously growing and diversifies its business portfolio to Logistics, Crane, Construction Equipment and other business segments, we need to have better focus on the administrative controls, therefore hiring of professionals was required to ensure effective internal control and recordings. Legal and Professional charges stood at Rs 16 Million in the current year, comprising of payment for various regulatory and fiscal fees and levies and litigation costs for various issues.

The business segments are now organized on product lines as we target each business segment with specialized and dedicated sales force. The Modaraba has also implemented the new IT system "Microsoft AX and Sycor Rental" during the year to cater for multiple business units and segments requirements. This required allocation of resources to our IT department during the year.

Finance costs for the period went up to Rs 224 Million as compared to the last year charge of Rs 166 Million. This was mainly due to increase in the average mark up rates by 125 basis points and continued capital investment resulting in increase in the borrowing levels. Exchange loss of Rs 18 Million was recorded during the year due to devaluation of rupee vs US \$.

Profits on Savings account and proceeds from disposal of scrap generated other income of Rs 6.6 Million and Rs 17 Million respectively. During the year, Modaraba suffered an overall loss of Rs 18 Million on the disposal of its assets, mainly contributed by loss on disposal of its HFO unit.

Provision as per Prudential Regulations applicable to

the Modarabas was made during the year of Rs 94 Million as compared to Rs 63 Million of previous year. This is mainly due to higher levels of Receivables at the end the June 30. Machine rentals takes higher recovery periods and are always subject to release of funds to their contractors from either Provincial or Federal Governments or other such contracting bodies. Management has made provision as per Prudential regulations applicable to the Modarabas.

Modaraba is contesting the claim raised by the Assistant Commissioner of Inland Revenue for Federal Excise Duty (FED) aggregating to Rs 838.6 million (calculated @ 16% of gross receipts of the Modaraba for the tax years 2014 & 2015) 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. An under protest payment of Rs 50 million was also made by the Modaraba to the FBR in respect of the above.



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

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

Modaraba is continuously facing hardship and delays in the getting Tax Exemption Certificates from tax authorities for deduction of tax on both Sales and Import stage, despite the fact that Modaraba is exempt from income tax by virtue of Clause 100 of Second Schedule of the Income Tax Ordinance, 2001. This

perspective, especially textiles, but we do see rental opportunity for better and efficient gas engines. Large Diesel engine segment will remain under pressure due to better grid availability, but thankfully we have some long term contracts which will continue to generate Sales for the segment. We are continuously working to further enlarge our customer base and see prospects of deployment of these units on long term contracts.

Rental sales of both our Inbound and Outbound Logistics segment continued with its robust growth during the year with Sales for the year recorded at Rs 1.4 Billion, contributing > 1/3 of our total Sales portfolio. Inbound Logistics segment is continuously growing at steady pace, both in terms of new customers and new fuel efficient units with existing customers for deployment of Forklifts, tractor trollies and Reach stackers at Plant sites to handle logistics within plant premises. These are mostly long term contracts with blue chip companies, handling plant and warehouse logistics on 24/365-day basis.



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We shall remain cautious on new investments for this segment due to current economic dynamics of the country and shall wait how the new PTI Government sets up its growth agenda. We shall have to wait and see how the new government sees CPEC projects vis-à-vis external debt and repayment economics.

Operating Expenses went up by 21% during the year to Rs 2,758 Million as compared to Rs 2,277 Million of the previous year. Accordingly, the Gross Margin percentage went down from 28 % of the previous year to 26% in the current year, to close at Rs 938 Million. Salaries and Wages went up by Rs 206 Million from Rs 615 Millions in previous year to Rs 821 Million in the current year. This was mainly on account of increase in minimum wage levels across the country, presumptive taxation impact on manpower sales and increase in wage levels due to higher demand levels for skilled manpower, especially for Machines and Cranes segment due to CPEC projects.

Pakistan is extremely short in skilled manpower base, with overall quality being very low. This is seen as a major challenge for the development of Cranes and Machine segment, where the wage levels are high, whereas the overall skill base is very low. For our project at Schlumberger, our major challenge during the year remained at finding the required drivers, meeting Schlumberger standards of compliance.

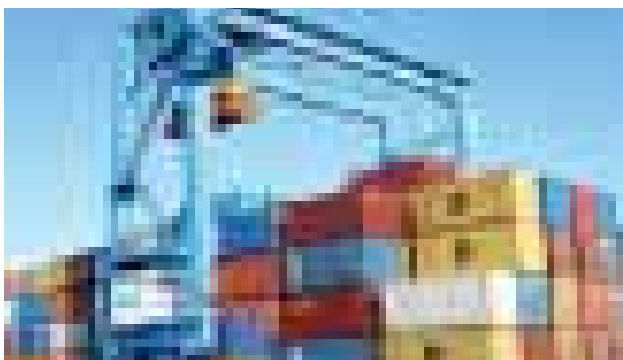
Repairs and Maintenance Expense remained under check and slightly went up by Rs 15 Million to Rs 345 Million as compared to Rs 330 Million for the previous year. Fleet Vehicles running cost went up from 377 Million of previous year to Rs 546 Million. This was mainly due to increase in the Rental Sales of Logistics

resulted in unnecessary deduction of Income Tax by our customers and payment of Income Tax on import of new equipment, creating unnecessary cash flow pressures on funds management. During the year, our cumulative Income tax receivable as mentioned in the accounts went up from Rs 136 Million of previous year to Rs 279 Million as at close of June 30, 2018. Combined with payment of Rs 50 Million of under protest FED payment, the accumulated amount receivable from the tax authorities went up to Rs 329 Million.

Due to diversification, the share of Rental Power in the total business now stands at 50% to the overall Sales Revenue of the Modaraba. The business has reached its saturation point and we do not expect any significant additions to the fleet in coming years. The Modaraba's overall fleet consists of new technologies offering fuel efficiencies and compliance to better environmental standards. This fuel efficiency gives competitive edge to the Modaraba and generates premium on its price offering to its customers.

As predicted last year, this year saw significant progress on the construction equipment rental business due to investments and projects coming under CPEC. The challenge of the market is to compete with low pricing / low quality investor cum operator unorganized sector and create window of opportunity in this growth market with new, reliable and fuel efficient units. The organizational structure was put in place last year to specifically target this segment. During the year, 27 new Machines were added to the fleet which included Cranes, Excavators, Motor Graders, Compactors, lighting towers and other construction Equipment. This was made possible due to excellent price support for the Equipment from both Caterpillar and SANY.

On the inbound logistics segment, the Modaraba is continuously offering complete 360° solution to its customers, especially in the bottling and packaging industry with efficient and cost effective solutions through its CAT Forklifts.



The Management feels that logistics is the future potential area of investment and growth for the Modaraba. Pakistan is still in the primitive age when road logistics are concerned. The lack of investment in the sector, roadside engineering practices and overall lack of infrastructure have created many inefficiencies resulting into higher transportation costs. Modaraba has entered into rental agreements for the transportation contracts with leading FMCG brands, which portrays the confidence of our customers on our ability to deliver on our commitments. To qualify as compliant with HSE standards, the Modaraba continuously certifies its Logistics business for Compliance of Responsible Sourcing Audit under the guidelines of SMETA by Bureau Veritas Pakistan. We see huge potential for growth in the sector with some leading FMCG brands, where we have developed our relationship by offering rental solutions to them, both in the Power Rental and Logistics Rental businesses. Another significant window of opportunity is the movement of goods from/to China under the CPEC corridor and the business unit is fully aware of the significant opportunities on this front. With initial hiccups and teething problems of the business now behind us, we see profitable growth prospects on this segment as our knowledge base of this segment improves.

DIVIDEND

The Board is pleased to announce a cash dividend of 10% i.e. Rs.1/=per certificate of Rs. 10/- each.

In addition, the Board is also pleased to announce Bonus issue @ 10% i.e 1 certificate for every 10 certificates held.

CREDIT RATING

The Management of the Modaraba is pleased to inform that JCR-VIS Credit Rating Company Limited has maintained the entity ratings of Allied Rental Modaraba (ARM) at A^+ (Single A Plus) for long term & A^+ (Single A-One) for short term. This again depicts the confidence of the rating agency on the performance of the Modaraba and its capacity to meet its financial obligations.

IT INFRASTRUCTURE

Considering the continuous growth of the Modaraba in multi-dimensional Rental business portfolio with asset base reaching PKR 10+ billion, the management decided in 2016 to invest in its IT infrastructure and selected the ERP solution of Microsoft AX Dynamics with an integrated add on German based computer software SYCOR for its rental business needs.

Implementation process started with the purchasing of Licenses for software, training of team members and test runs were completed during the previous periods including implementation of general ledger and financial module. During the year, Management and ERP team remained focused on the project and several milestones were achieved including implementation of sales management system, operations and maintenance system of rental assets and various financial reporting tools.

Through ERP implementation, Modaraba have been benefited in the following ways:

- Unlike point solutions (historically used by small to midsize businesses) that rely on multiple (sometimes duplicating) databases which strain IT resources, ERP solutions standardize the use of one application to run its entire business. This not only increases efficiencies, but also decreases the overall total cost of ownership (TCO), thereby reducing operational costs and improving the Modaraba's profitability.
- Tighter controls for financial as well as Caterpillar Five Star Rental compliance declaration and other statutory forms of compliance reporting.
- The single data source for product and services information - such as information related to suppliers, vendors, customer orders and the products themselves - drive rapid product development and launch cycles which increases a company's overall market share.
- Increased access to valuable corporate data delivers a clear, global view of the business that drives continuous improvement strategies and establishes common performance metrics and measures to gauge the health of the business.
- Effectively managing projects holistically fosters decision making at all critical levels starting from development to all its operational phases.
- Support for streamlined sourcing and procurement processes drive alignment to customer demands, and also deliver a centralized buying model to reduce unauthorized and unnecessary expenses.
- Providing sales and operations planning with access to critical information fosters "closed loop" processes that ensure the business does not overpromise and/or under deliver to its customers.

Automating business processes such as invoicing and sales and purchase orders within one system improves

forecasting accuracy and reduces inefficiencies. Using a single base of information for billing and other customer interactions improves service levels and increases customer retention.

During the year, a charge of Rs 1.9 Million made in the Accounts for the overall amortization of the total investments made till June 30, 2018 on the IT Project.

FUTURE OUTLOOK

The strength of Caterpillar brand name and our strategies to continuously invest in new technologies, new products, new markets and new segments perfectly position us to reap benefits of the new opportunities emanating from increased demand for Rental Solution and Equipment vis-à-vis CPEC front and we feel confident to achieve our plans for 2018-19 and beyond. The Modaraba and its team of people from Managers to technicians to Drivers/Operators are all geared to their optimum potential of a COMPLETE RENTAL SOLUTION PROVIDER for all sorts of EQUIPMENTS TO ITS CUSTOMERS from POWER TO LOGISTICS. By applying prudent policies and disciplines in our business operations, we are confident that the targets sets for the year will be achieved. The Management is continuously expanding its rental fleet but will remain cautious in 2018-19 due to external debt challenges and its affect on infrastructure investment projects. Modaraba is also continuously tapping new rental agreements for the transportation business with leading FMCG and Oil Field Services companies to deploy its Rental assets to more profitable sectors of the business.



Despite the challenges facing the country, we feel that our country is blessed with resources, all the way from Karakoram Mountains to the hilly areas of Baluchistan. We are a country rich in natural resources, have vast agricultural resource able to grow Cotton, Rice, Wheat, Maize, Potato, Fruits and Vegetables. CPEC is the game changer for the economy of the country and accordingly

offers significant business opportunities to us also and we are well positioned to take that advantage. With over 200 Million population, we see our country as big market for all sorts of investment, whether industrial investment for rising Power Generation demand or investment in the logistics sector by partnering with leading FMCG brands or movement of cargo on CPEC front.

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

We acknowledge our commitment to the country and our customers and shall continue to work with them in all sectors of the economy to meet their Rental products demands. Wherever we see window of opportunity, we must not let these opportunities lapse and continue to make new investments in all sorts of Rental products by offering Islamic Ijarah Rental products and work with our customers for their rental needs.

OUR COMMITMENT TO REGULATOR AND CERTIFICATE HOLDERS

As a responsible corporate entity, we shall continue to conduct our business in a transparent way, working closely with the regulator to ensure compliance in all discipline of our business including complete Shari„ah compliance.

We feel that we must fulfill our promise to our Certificate holders by

- a) complying with Islamic Shari„ah principles in all our business areas;
- b) generate fair returns on their investment through cash dividends and offering of Bonus Certificates; and
- c) develop long term growth and sustainability plans of the Modaraba, keeping in view different segments of its Rental Asset portfolio to ensure optimum mix of its asset base. Rental business is both Capital and Labor intensive as we not only maintain the equipment but continuously operate and maintain them at customer sites. This not only requires continuous review of our asset portfolio on an ongoing basis to ensure optimum utilization of Capital but continuous improvement and review of operational controls to maintain asset health and provide quality service to our customers.



GOVERNANCE FRAMEWORK

Our governance framework is designed to ensure that the Modaraba lives up to its core values and principles, institutionalizing excellence in everything we do. Driven by the highest governance standards of integrity, transparency and zeal to protect stakeholders,, value, Modaraba has aligned its governance framework to the industry,,s best practices. The board of directors and senior management place significant emphasis on internal controls, which trickles down to each and every employee of the Modaraba.

The Board of Directors is committed to open, ethical, knowledgeable and comprehensive management and to developing and implementing good Corporate Governance as a means of achieving maximum success and effectiveness. In short, good Corporate Governance is a tool for enhancing the value of the Modaraba and its sustainable growth. The work of developing good Corporate Governance is ongoing, and aims to incorporate standards universally practiced.

Control Activities

The Modaraba has determined a number of control activities that accord with the nature of its business operations and assigned responsibilities in such a way that mutual supervision is in effect.

REVIEW

The Board meets at-least once each quarter to consider Modarabas financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. Post completion reviews are performed on all material investment expenditures.

AUDIT

The Head of Internal Audit functionally reports to the Board of Audit Committee. The Internal Audit function carries out reviews of the financial, operational and compliance controls and reports findings to the Board of Audit Committee, Chief Executive and the concerned department heads. The Office of Internal Audit provides assurance to the Audit Committee concerning the adequacy of disclosure, transparency of data, internal controls, and appropriate risk management practices. The emphasis is on preventive, creative investigation and auditing that conforms to international standards and good Corporate Governance. The Board of Audit Committee receives reports on the system of internal controls from internal and external auditors and reviews the process for monitoring the effectiveness of controls. The audit department also remains in close contact with Shari'ah Advisor and seeks guidance on compliance to Shari'ah principles in all areas of its business activities.

WHISTLE BLOWER MECHANISM

The Board has developed the Whistle Blower Mechanism in line with the requirements of the Code of Corporate Governance. There may sometimes be circumstances in which people feel uncomfortable raising issues directly with their managers. Hence we plan to provide a confidential "whistle blowing" mechanism throughout the Modaraba which the employees will be able to use. The policy encourages open discussion of these issues and no one will be disadvantaged as a result of informing in good faith any concerns about compliance with the Modaraba's Code of Conduct. Under the policy, all disclosures are kept confidential and the identity of the individual making the allegation may be kept confidential so long as it does not hinder or aggravate any investigation. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required. If an employee needs to make a disclosure he/she should first raise the issue to his/her Department Head (unless he/she is the potential transgressor), in which case he/she can write to the Audit committee in the following format for the purpose of recording and monitoring.

- The background and history of the concern (with relevant dates)
- The reason why they are particularly concerned about the situation.

ALTERNATIVE COMPLAINT METHODS:

INDEPENDENT HOTLINE:

An independent compliance hotline, operated by an external agency gives employees the opportunity to report potential improprieties in financial reporting or other matters. The hotline is available to all and callers can remain anonymous if they wish.

CORPORATE SOCIAL RESPONSIBILITY:

The Modaraba views corporate social responsibility as a business approach that contributes towards sustainable development through uplifting economic, social and environmental benefits for the community. Being a good corporate citizen is part of the Modaraba's core values.

The Management and those charged with governance are well aware of their responsibility of being a corporate citizen and are very much committed in this regard. The Modaraba is committed to ensure that good practices are maintained in Health, Safety and Environment within its own operations. In addition, supporting causes that focus on social upliftment remain a focus area for the Modaraba through which it supports various communities in Pakistan.

Our areas of interests in this connection include but are not limited to environment protection education, health and social development of the society. Key initiatives supported by the Modaraba included:

SCHOLARSHIPS

We offer merit scholarships to our employees in the form of monetary contributions that vary with the level of education, for professional qualifications to appreciate their talent.

SPORTS ACTIVITIES

Health is the thing that makes you feel that now is the best time of the year. If we at Allied believe that mental exertion must be balanced by physical activity; resultant promotion of sports has always played a vital role in our CSR initiatives. To promote sports activities, we have an in-house sports complex and gymnasium where employees are encouraged to participate in sports and healthy activities on routine basis.

EMPLOYEE HEALTH CAMP

Allied Rental Modaraba organized a health camp in alliance with a well known Laboratory where free of cost medical tests and advices from physician were offered to the employees at its regional offices in Karachi and Lahore. The campaign helped to spread awareness to live healthy life.

OPPORTUNITY FOR YOUNG TALENT

As a responsible corporate citizen, Modaraba continued to provide management-traineeships and internship experience to students from various academic institutions. This year, the number of interns increased from the previous years which in addition to willingness of the Modaraba to provide opportunity to young talent to help them learn in a professional environment.

DIRECTORS

THE STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors consists of qualified individuals possessing knowledge, experience, and skill in various professions, with the leadership and vision to act in the best interests of the Modaraba and its certificate holders. The Board of Directors has a major role to play in deciding corporate policy, and with senior executives making plans for the short term and long-term operations of the Modaraba.

The Board of Directors Allied Engineering Management Company (Pvt) Ltd. (AEMCL), the Modaraba Management Company (MMC) of Allied Rental Modaraba presently comprises of all male directors. AEMCL Board is aware of the new requirements of Code of Corporate Governance 2017 regarding representation of a woman on the Board and plans to induct a woman director at the time of election of the Board next year. The Board of Directors presently comprises 07 individuals, composition of which is as follows:

- Five non-executive directors representing Allied Group of companies, the majority stakeholder;
- One executive director being the CEO of the Management Company, managing the affairs of the Modaraba; and
- One Independent Director, Mr. Abdul Rahim Suriya as per the requirements of the Code of Corporate Governance.

Non executive directors are qualified individuals and possess required expertise, knowledge and the skill required by the business and specified by SECP to effectively provide guidance to the senior management and control the affairs of the Modaraba. The Chairman of the Board is other than the CEO. Meetings of the Board of Directors are held regularly to review the performance and results of business operations and their management and to make decisions concerning

the Modaraba's business activities. All the Directors have completed their mandatory certification process as required under Code of Corporate Governance - CCG. Meetings also take place to consider business trends and operational plans of the Modaraba. Various planning scenarios are deliberated on, as well as the Modaraba's annual business plan.

Mr. Abdul Rahim Suriya, as an independent director appointed on the Board is a seasoned professional and gives an independent view to the business and control processes based on his expertise and knowledge, especially with reference to Governance policies and sustainability standards.

Allied Rental Modaraba is a perpetual Modaraba, formed under the Islamic Modaraba business concept and as such is managed by Modaraba Management Company through its Board of Directors including Chief Executive. Allied Engineering Management Company (Pvt) Limited (AEMCL) is the management Company of the Modaraba. All remuneration of executive Director including Salary, perquisites, benefits and bonuses are borne by the AEMCL. Also all fees paid to Independent and non-executive Directors are also paid and borne by AEMCL.

Accordingly, AEMCL is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modaraba's (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration of AEMCL for the year has been recognized at 2.468% amounting to Rs. 10,000,000 (2017: at 2.137% amounting to Rs. 10,000,000) of the profit for the year.

Four Board meetings took place during the year. The remuneration to attend the Board meetings was paid by the Modaraba management Company. Attendance of each of the director was as follows.

Name Of Director	No. Of Meetings Attended
Mr. Khwaja Asif Rahman	3
Mr. Murtaza Ahmed Ali	4
Syed Feisal Ali	4
Mr. Ali Akbar	4
Mr. Raees A. Khan	2
Mr. Abdul Rahim Suriya	4
Mr. Hassan Shahzad Abidi	4

Leaves of absence was granted to the directors who could not attend the above meetings.

DEVELOPMENT OF DIRECTORS

It is the management policy to encourage directors, executives, and personnel concerned with corporate governance to take part in seminars and courses that could aim them in the performance of their duties and enhance their effectiveness. As of today, all the Directors are qualified individual under the CCG directive.

Newly appointed directors are given induction training that introduces them to their role, duties, and responsibilities, as well as knowledge of the Modaraba, their legal obligations, and the regulations that apply to them as directors of a listed entity. They also go through a rigorous approval mechanism set at SECP with interviews conducted by Registrar Modarabas, especially with reference to their knowledge on Islamic Finance and Shariah compliance standards.

COMPLIANCE WITH CORPORATE GOVERNANCE

The Board of Directors reviews all significant matters of the Modaraba. These include Modaraba's strategic direction, annual business plans and targets, related party transactions and decisions on long term investments and borrowings. The Board is committed to maintain high standards of Corporate Governance.

THE BOARD OF DIRECTORS IS PLEASED TO REPORT THAT:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
- The system of internal control, which is in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- Summary of key operating and financial data for the last six years is included in this annual report.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018 except for those disclosed in the financial statements.
- The trading in certificates carried out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children is reported as annexure to this report .
- The value of investments in Employee's Provident Funds based on the audited financial statements of the fund as at December 31, 2017 is Rs. 68,434,412 (2016: Rs. 63,040,026).
- The pattern of holding of certificates by the certificate-holders is included with this report as annexure.
- The Board has formed a Human Resource Committee in compliance with the requirements of the Code of Corporate Governance. The Committee makes recommendations to the Board for maintaining.
 - (i) a sound organizational plan of the Company,
 - (ii) an effective employee development program and;
 - (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

Following Directors are the Members of the Human Resource Committee:

Mr. Abdul Rahim Suriya - Chairman

Mr. Khwaja Asif Rahman

Syed Feisal Ali

Mr. Murtaza Ahmed Ali

The Human Resource Committee met once during the year with a participation of 100% of its members.

- The Board has formed an Audit Committee in compliance with the requirements of the Code of Corporate Governance. The Committee comprises of three members. The head of the Audit Committee is an Independent Director. The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department. The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors.

- The Board Audit Committee met four times during the year. Attendance of each of the member was as follows:

Name Of Director	No. Of Meetings Attended
Abdul Rahim Suriya	4
Syed Feisal Ali	4
Mr. Ali Akbar	4

AUDITORS

On the recommendation of the Audit Committee, the Board has approved the re-appointment of Messrs. KPMG & Co. Chartered Accountants as auditors for the year ending June 30, 2019 at a remuneration to be mutually agreed, subject to the approval of Registrar of Modaraba Companies & Modarabas.

SHARI'AH AUDIT REPORT

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Irshad Ahmed Aijaz as and

when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modarabas. The internal audit department has also been trained to handle the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Audit Report issued for the affairs of the Modaraba for the year ended June 30, 2018 is attached in the Annual Financial Statements.

ACKNOWLEDGEMENT

Our people are the key driver behind the sustained growth of the Modaraba. The Directors acknowledge the contribution and efforts of each and every employee of the Modaraba, who by meeting customer expectation by providing quality service ensured continued business for the Modaraba.

We would also like to express our sincere gratitude to SECP, Registrar Modarabas, Religious Board, financial institutions and our business partners for their continued support and guidance; and our customers for their continued patronage and business. We are also grateful to our certificate holders for their support and confidence in our management.

On behalf of the Board



Murtaza Ahmed Ali

Chief Executive

Date: August 29, 2018

Certificate Holding Pattern

As at June 30, 2018

Annexure to Directors' Report

No. of Certificate holders	Certificate Holding			Total Certificates Held
	From		To	
101	1	-	100	1,494
48	101	-	500	18,486
48	501	-	1000	39,010
127	1001	-	5000	333,479
32	5001	-	10000	232,430
14	10001	-	15000	180,298
11	15001	-	20000	194,489
14	20001	-	25000	305,770
8	25001	-	30000	219,555
2	30001	-	35000	67,525
4	35001	-	40000	148,753
4	40001	-	45000	165,763
2	45001	-	50000	100,000
1	50001	-	55000	53,561
3	55001	-	60000	168,507
2	65001	-	70000	136,789
1	75001	-	80000	75,040
1	80001	-	85000	83,418
1	90001	-	95000	91,177
1	100001	-	105000	103,905
1	110001	-	115000	113,960
1	145001	-	150000	145,997
1	150001	-	155000	154,119
1	170001	-	175000	172,000
1	195001	-	200000	199,999
1	265001	-	270000	265,235
1	285001	-	290000	288,888
1	460001	-	465000	464,209
1	515001	-	520000	515,282
1	530001	-	535000	533,333
1	2050001	-	2055000	2,051,500
1	3395001	-	3400000	3,395,335
2	4430001	-	4435000	8,861,538
1	39995001	-	40000000	39,999,998
1	60565001	-	60570000	60,565,704
1	79550001	-	79555000	79,553,454
442				200,000,000

Categories of Certificate holders	Number	Certificates Held
Individuals	435	16,335,183
Joint Stock Company*	1	140,119,158
Modaraba / Modaraba Management Company**	3	40,128,958
Employees Provident Fund***	3	3,416,701
TOTAL	442	200,000,000

* Represents Allied Engineering & Services (Private) Limited. (140,119,158 certificates)

** Includes Allied Engineering Management Company (Private) Limited. (39,999,998 certificates)

*** Includes Allied Engineering & Services (Private) Limited - Employees Provident Fund (3,395,335 certificates)

Certificate Holding Pattern

As at June 30, 2018

Annexure to Directors' Report

Categories of Certificate holders	Number	Certificates Held	Percentage
Associated Companies			
Allied Engineering & Services Limited	1	140,119,158	70
Allied Engineering Management Company (Private) Limited	1	39,999,998	20
Allied Engineering & Services Limited - Employees Provident Fund	1	3,395,335	2
		183,514,491	92
Directors, CEO & their Spouses & Minor Children			
Murtaza Ahmed Ali	1	464,209	0.2
Syed Feisal Ali	1	2,051,500	1
Ali Akbar	1	75,040	0.0
Raees A. Khan	1	533,333	0.3
Hassan Shahzad Abidi	1	6,659	0.0
Aduld Rahim Suriya	1	42,051	0.0
		3,172,792	2
Executives	4	146,164	0.1
Employee Provident Fund	2	21,366	0.0
Modaraba	1	15,000	0.0
Mutual Fund & Others	3	648,910	0.3
General Public	423	12,481,277	6
	442	200,000,000	100

Information on Trading in Certificates

Name	Designation	Purchase / Rights	Sale
		Number of Certificates	
Mr. Murtaza Ahmed Ali	Chief Executive Officer	56,865	-
Syed Feisal Ali	Non-Executive Director	251,500	-
Mr. Ali Akbar	Non-Executive Director	9,191	-
Mr. Rees A. Khan	Non-Executive Director	65,333	-
Mr. Hassan Shahzad Abidi	Non-Executive Director	815	-
Mr. A. R. Suriya	Independent Director	5,151	-
Mr. Naveed Shaheen	Chief Financial Officer	-	-
Mr. Muhammad Saad	Company Secretary	-	-

Human Resources & Remuneration Committee: Terms of Reference

I. PURPOSE

The purpose of the Human Resources Committee is to assist the Board in fulfilling its obligations relating to Human Resources Policies and related matters and to establish a plan of continuity and development of Human Resources for Allied Rental Modaraba.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of the following FOUR members
 - Abdul Rahim Suriya - Chairman
 - Khwaja Asif Rahman - Member
 - Syed Feisal Ali - Member
 - Murtaza Ahmed Ali - Member
- B. The Committee shall meet at least once each financial year.
- C. The quorum of the committee is THREE members
- D. From time to time, as deemed required by the Committee, the Committee shall obtain independent advice regarding Human Resource and Compensation issues.
- E. The Head of Human Resources/ Company Secretary shall serve as the Secretary of the Committee.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties delegated by the Board of Directors of the Modaraba. The HR & R Committee will review the following and recommend to the Board for their approval:

- A. Recommending to the board the selection, evaluation and succession planning across the company.
- B. Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management.
- C. The objectives, strategies and overall business plans of Human Resources and ensure that they are within the framework of existing laws and regulations.
- D. The Modaraba's compensation and benefits philosophy, strategy and guidelines and review their compliance with laws and any applicable guidelines established by the Labor Laws of Pakistan, competitiveness with the market and frequency of review accounts for annual country inflation rate and changes in trends in the country.

- E. Undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging an external independent consultant
- F. The Modaraba's strategy, plan and proposal related to annual increments, salary adjustments and performance and profit bonuses of the Modaraba's executives.
- G. The Modaraba's strategy related to Human Capital Management and Planning, including:
 - i. Recruitment and Selection strategy is aligned to Business objectives and philosophy.
 - ii. Training and Developmental needs of Human Resources are identified, adequately met and aligned to business objectives; and
 - iii. Performance Evaluation and Management System is objective, transparent and unbiased.
- H. Review and Recommend the Human Resources Policies and Procedures of the Modaraba to the Board and ensure that they are updated from time to time to keep abreast with market practices.
- I. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- J. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- K. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.
- L. Review and recommend Core Values to be adopted by the Modaraba.
- M. Review and recommend changes to the Committee's terms of reference, as and when required.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the Board meeting.



IT Steering Committee: Terms of Reference

I. Mandate

- To provide strategic advice, guidance and direction to the Board of Directors on technology initiatives.
- To develop Board briefings and input on the development of:
 - policy positions which address technology, communications and information management related initiatives;
 - proposed federal and/or provincial legislation that may have broad technology implications, and
 - changes to existing legislation which may have an impact on the Modaraba's ability to perform its duties.
- To explore and make recommendations regarding technology tools and resources that would benefit an employees routing practices.
- To undertake appropriate surveys, dialogues and outreach programs to ensure the committee understands and is representing the Modaraba's concerns

II. Duties and Responsibilities

- To ensure management have the opportunity to provide and demonstrate leadership involving technology initiatives that impact their practices.
- To provide advice and guidance on proposed technology initiatives in which employees has been asked to participate and that affect management and the way in which they provide services.
- To develop and recommend policies, guidelines and standards appropriate to technology initiatives which impact on our employee's ability to practice
- To consult and seek input from the management, other stakeholders and interested parties on matters before the Committee, if required
- To develop a relationship, which provides an opportunity for the IT Steering Committee (ITSC) to influence employees participation and provide leadership on Information Management and Technology initiatives that impact on the Modaraba.
- To recommend priorities for new technology initiatives that benefit the Modaraba.
- To ensure that IT initiatives embody the overall mission and objectives of Modaraba.
- To evaluate the sustainability and governance implications of the technology initiatives we participate in.
- To ensure that the IT Strategic Plan is aligned with the Modaraba Business Plan.
- To submit an annual report on the committee's activities, as part of the Reports to Board of Directors.

- To submit a monthly ITSC update to the Board of Directors on issues, priorities, policy implications, recommendations, activities and actions.

III. Sub-Committees/Working Groups

Subcommittees and working groups will be established as the need arises and at the direction of the committee chair. They will be tasked with definitive objectives related to a specific strategic issue.

Subcommittees and working groups will enable the ITSC to seek out the appropriate subject matter expertise from within the Modaraba to assist in the research, analysis and development of policy, guidelines and recommendations to be brought to the ITSC and subsequently to the Board.

A subcommittee or working group will be chaired by a sitting member of the ITSC.

IV. Committee Membership

The IT Steering Committee is comprised of six members including at least one Director. All Committee members will be appointed by the Board of Directors.

The ITSC will strive to be representative of the Modaraba as a whole. Geographic and gender representation will be taken into consideration, as well as varying degrees of computer competencies.

Committee members may be recommended by sitting committee members, the Board of Directors or recruited from lists maintained in the Modaraba data base of members with an expressed interest in information management and technology.

In the event the committee is unable to fill one of the six seats, the committee may invite a member whose term has expired to sit for a one-year extension.

V. Quorum and Voting

A minimum of one half of the voting committee members will comprise a quorum. A motion is passed by a majority vote of the members in attendance. The committee chair is a voting member and will vote on matters requiring a decision. The chair will cast the deciding vote in the event of a tie.

VI. Committee Meeting Schedule & Support

Members may be called upon to participate in telephone and/or online conferences if a matter of urgency occurs between regularly scheduled meetings. Support for rural members will be provided through the use of appropriate technologies. The Committee shall meet at least once every quarter of the financial year

VII. Accountability

The ITSC is advisory to and accountable to the Board of Directors. Any formal policy or position will require Board approval. Minutes of committee meetings shall be maintained and made available to the Board upon request.

Audit Committee: Terms of Reference

Purpose:

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Modaraba's vision, mission, corporate strategy & objectives. Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

Meetings and Attendance:

The Audit Committee comprises of three members, all of whom have sufficient financial management expertise. The Head of Internal Audit is the Secretary of the Committee. The Committee held four meetings during the year and held separate meetings with the Chief Financial Officer, Head of Internal Audit and members of Internal Audit Function and External Auditors represented by the Engagement Partner as required by the Code of Corporate Governance. The Audit Committee recommends to the Board, the appointment of external auditors, their removal, audit fees and the provision by the external auditors of any service to the Modaraba in addition to audit of its financial statements. The Board gives due consideration to the recommendations of the Audit Committee in all these matters.

Responsibilities:

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the Modaraba's assets;
- review of quarterly, half-yearly and annual financial statements of the Modaraba, prior to their approval by the Board of Directors.
- review of preliminary announcements of results prior to publication;
- facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Modaraba;
- review arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Modaraba;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- review of the Modaraba's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body; and
- determination of compliance with relevant statutory requirements.
- monitoring compliance with these regulations and identification of significant violations thereof;
- recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- consideration of any other issue or matter as may be assigned by the board of directors.

Credit Rating

"A-One"
Short-Term

"A+"
Long-Term

JCR-VIS Ratings of Allied Rental Modaraba

September 29, 2017
Karachi



Statement of Compliance contained in Listed Companies [Code of Corporate Governance] Regulations, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listed Companies (Code of Corporate Governance) Regulations, 2017, for establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Allied Engineering Management Company (Private) Limited (the Modaraba Management Company) [MMC] is not listed. However, Allied Rental Modaraba is listed at Pakistan Stock Exchange. The Board of Directors of the Modaraba Management Company is responsible for managing the affairs of the Modaraba.

Allied Rental Modaraba has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
 - a. Male: 7
 - b. Female: 0

2. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Abdul Rahim Suriya
Executive Director	Mr. Murtaza Ahmed Ali
Non-Executive Directors	Mr. Khwaja Asif Rahman
	Syed Feisal Ali
	Mr. Raees A. Khan
	Mr. Ali Akbar
	Mr. Hassan Shahzad Abidi

The independent director meets the criteria of independence under clause i(b) of the CCG. All the Directors' appointment have been duly approved by the Registrar Modarabas, Securities and Exchange Commission of Pakistan (SECP).

3. The directors have confirmed that none of them is serving as director in more than five listed companies, including this Management Company.
4. The Modaraba has prepared a Code of Conduct

and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors have duly completed the Directors' Training Course and meet the training requirement under the CCG Directives
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee

Name of members

 1. Abdul Rahim Suriya (Chairman)
[Independent Non-executive Director]

2. Syed Feisal Ali
[Non-executive Director]
 3. Ali Akbar
[Non-executive Director]
- b) HR and Remuneration Committee (Name of members and Chairman)

Name of members

1. Abdul Rahim Suriya (Chairman)
[Independent Non-executive Director]
 2. Khwaja Asif Rahan
[Non-executive Director]
 3. Syed Feisal Ali
[Non-executive Director]
 4. Murtaza Ahmed Ali
[Executive Director]
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- a. Audit Committee met every quarter of the financial year
 - b. HR and Remuneration Committee met annually.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The Modaraba has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.

19. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board



Murtaza Ahmed Ali
Chief Executive
August 29, 2018



KPMG Taseer Hadi & Co.
Chartered Accountants

To the Certificate holders of Allied Rental Modaraba

Review Report on Statement of Compliance contained in Listed Companies[Code of Corporate Governance] Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Allied Engineering Management Company (Private) Limited, the Modaraba Management Company of Allied Rental Modaraba ("the Modaraba") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba Management Company's corporate governance procedures and risks.

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Modaraba Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2018.

Date: August 29, 2018
Karachi


Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of Allied Rental Modaraba as at 30 June 2018 and the related profit or loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's [Allied Engineering Management Company (Private) Limited] responsibility which is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Act 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of Allied Rental Modaraba as required by the Companies Act 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance,

1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

- b) in our opinion:

- i) the balance sheet and profit and loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied:
- ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and Companies Act 2017, the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2018 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: August 29, 2018
Karachi

 **Chartered Accountants**

Amyr Pirani

Engagement Partner

Statement of Financial Position

As at June 30, 2018

	Note	2018	2017
		(Rupees)	
ASSETS			
Current Assets			
Cash and bank balances	4	91,230,840	307,439,392
Ijarah rentals receivable	5	1,334,114,468	987,904,537
Operation and maintenance income receivable	6	29,363,774	29,676,680
Advances, deposits, prepayments and other receivables	7	540,717,302	268,981,882
Spare parts		104,835,161	72,886,796
		2,100,261,545	1,666,889,287
Non-current assets			
Long term security deposits	8	50,000	50,000
Diminishing musharaka financing - secured	9	967,729	6,769,730
Fixed assets in own use - tangible	10	131,283,995	104,982,296
Intangible asset for own use	11	6,126,565	7,452,828
Ijarah assets	12	6,732,935,766	6,059,664,727
Capital work-in-progress	13	64,856,641	515,143,800
		6,936,220,696	6,694,063,381
Total assets		9,036,482,241	8,360,952,668
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	14	625,286,025	589,767,856
Bai Muajjal - secured	15	-	99,694,340
Payable to the Modaraba Management Company	16	12,265,972	13,982,571
Current maturity of diminishing musharaka financing payable - secured	17	1,008,787,702	794,791,146
Current portion of security deposits	20	56,963,000	34,423,000
Unclaimed dividend		1,092,249	712,887
		1,704,394,948	1,533,371,800
Non-current liabilities			
Diminishing musharaka financing payable - secured	17	2,035,200,403	2,043,013,353
Deferred liability for staff gratuity	18	69,496,154	52,067,969
Other long-term employee benefit	19	18,729,167	15,973,327
Security deposits	20	58,125,000	57,935,000
		2,181,550,724	2,168,989,649
Total liabilities		3,885,945,672	3,702,361,449
NET ASSETS		5,150,536,569	4,658,591,219
FINANCED BY: CAPITAL AND RESERVES			
Authorized certificate capital			
225,000,000 (2017: 225,000,000) modaraba certificates of Rs.10 each	21	2,250,000,000	2,250,000,000
Issued, subscribed and paid-up certificate capital			
200,000,000 (2017: 175,500,000) modaraba certificates of Rs.10 each	21	2,000,000,000	1,755,000,000
Premium on issue of certificates	2.7 (a)	1,255,712,500	1,133,212,500
Statutory (mandatory) reserve	22	1,660,688,804	1,463,126,925
Unappropriated profit		234,135,265	307,251,794
		5,150,536,569	4,658,591,219

CONTINGENCIES AND COMMITMENTS

23

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

Murtaza Ahmed Ali
Chief Executive

Syed Feisal Ali
Director

Abdul Rahim Suriya
Director

Naveed Shaheen
Chief Financial Officer

Statement of Profit or Loss Account

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees)	
Ijarah rentals - net	24	3,574,139,137	3,001,022,461
Operation and maintenance income - net	25	122,005,785	115,244,854
		3,696,144,922	3,116,267,315
Operating expenses	26	(2,758,366,637)	(2,277,014,650)
Gross profit		937,778,285	839,252,665
Administrative and distribution expenses	27	(206,113,870)	(176,899,203)
Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.2	(93,509,885)	(62,750,777)
Finance cost	28	(246,740,581)	(169,421,582)
Other income	29	13,709,809	37,677,943
		(532,654,527)	(371,393,619)
		405,123,758	467,859,046
Modaraba Management Company's remuneration	16.1	(10,000,000)	(10,000,000)
Profit for the year before taxation		395,123,758	457,859,046
Taxation	32	-	-
Profit for the year		395,123,758	457,859,046
			Restated
Earnings per certificate - basic and diluted	33	1.89	2.27

The annexed notes from 1 to 46 form an integral part of these financial statements.

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


Murtaza Ahmed Ali
Chief Executive


Syed Feisal Ali
Director


Abdul Rahim Suriya
Director


Naveed Shaheen
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018	2017
		(Rupees)	
Profit for the year		395,123,758	457,859,046
Other comprehensive income for the year		-	-
Items that will not be reclassified to profit or loss			
Loss on remeasurement of defined benefit plan obligation	18.6	(5,367,570)	(5,940,613)
Total comprehensive income for the year		389,756,188	451,918,433

The annexed notes from 1 to 46 form an integral part of these financial statements.

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



Murtaza Ahmed Ali
Chief Executive



Syed Feisal Ali
Director



Abdul Rahim Suriya
Director



Naveed Shaheen
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees)	
Cash flows from operations	34	1,027,478,682	971,844,279
Gratuity paid		(145,573)	(2,730,249)
Compensated absences paid		(175,207)	(1,099,655)
Financial charges paid	37.4	(239,726,023)	(136,709,004)
		(240,046,803)	(140,538,908)
Net cash flows from operating activities		787,431,879	831,305,371
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,326,154,651)	(1,523,977,103)
Proceeds from disposal of Ijarah assets		107,368,647	189,150,055
Proceeds from disposal of fixed assets in own use		6,467,145	7,022,236
Net cash flows from Investing activities		(1,212,318,859)	(1,327,804,812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution to the certificate holders	37.4	(263,250,000)	(176,092,541)
Proceeds from issue of certificates	37.4	367,500,000	-
Diminishing musharaka financing availed	37.4	1,240,299,044	1,858,754,828
Expenses against issuance of right certificates	37.4	(2,060,838)	-
Bai Muajjal financing availed	37.4	199,835,414	199,384,489
Repayment of diminishing musharaka financing	37.4	(1,034,115,438)	(936,056,619)
Repayment of Bai Muajjal facility	37.4	(299,529,754)	(199,404,296)
Net cash flows from financing activities		208,678,428	746,585,861
Net increase in cash and cash equivalents		(216,208,552)	250,086,420
Cash and cash equivalents at the beginning of the year		307,439,392	57,352,972
Cash and cash equivalents at the end of the year	4	91,230,840	307,439,392

The annexed notes from 1 to 46 form an integral part of these financial statements.

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


Murtaza Ahmed Ali
Chief Executive


Syed Feisal Ali
Director


Abdul Rahim Suriya
Director


Naveed Shaheen
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed and paid-up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un-appropriated profit	Total
	(Rupees)				
Balance as on 30 June 2016	1,755,000,000	1,133,212,500	1,282,359,552	211,600,734	4,382,172,786
Total comprehensive income for the year ended 30 June 2017	-	-	-	451,918,433	451,918,433
Transfer to statutory reserve (@40% of the profit for the year)	-	-	180,767,373	(180,767,373)	-
Transaction with owners - recorded directly in equity					
Profit distribution for the year ended 30 June 2016 @ Rs. 1.00 per certificate declared subsequent to the year then ended	-	-	-	(175,500,000)	(175,500,000)
Balance as at 30 June 2017	1,755,000,000	1,133,212,500	1,463,126,925	307,251,794	4,658,591,219
Total comprehensive income for the year ended 30 June 2018	-	-	-	389,756,188	389,756,188
Transfer to statutory reserve (@50% of the profit for the year)	-	-	197,561,879	(197,561,879)	-
Transaction with owners - recorded directly in equity					
13.96% right issue at a premium of Rs.15 per certificate during the year	245,000,000	122,500,000	-	-	367,500,000
Expenses against issuance of right certificates	-	-	-	(2,060,838)	(2,060,838)
Profit distribution for the year ended 30 June 2017 @ Rs. 1.5 per certificate declared subsequent to the year then ended	-	-	-	(263,250,000)	(263,250,000)
Balance as at 30 June 2018	2,000,000,000	1,255,712,500	1,660,688,804	234,135,265	5,150,536,569

The annexed notes from 1 to 46 form an integral part of these financial statements.

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


Murtaza Ahmed Ali
Chief Executive


Syed Feisal Ali
Director


Abdul Rahim Suriya
Director


Naveed Shaheen
Chief Financial Officer

Notes to and forming part of the Financial Statements

For the year ended June 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

- 1.2** Effective from 10 January 2007, the Modaraba took over the rental business transactions and the related equipments of Allied Rental Services (Private) Limited (ARSL - an associated undertaking). The assets and liabilities acquired by the Modaraba comprise of certain fixed assets and the related lease liabilities. These were taken over under a prospectus floated by the Modaraba and approved by the SECP.
- 1.3** The JCR-VIS Credit Rating Company Limited has assigned long term A+ rating and short term A-1 rating to the Modaraba.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) differ from the IFRS Standards, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) have been followed.

2.2 Basis of measurement

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

2.3 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant
- IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. The relevant disclosures have been made in these financial statements.
 - The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Modaraba. These changes also include change in respect of recognition criteria of revaluation surplus on fixed assets, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.

- b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Modaraba's financial reporting and therefore have not been detailed in these financial statements.

- c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2018, that may have an impact on the financial statements of the Modaraba:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Modaraba's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Modaraba's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Modaraba's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of / payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Modaraba's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Modaraba's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Modaraba is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Modaraba is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting a material impact of the standard on Modaraba's financial reporting.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Modaraba's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Modaraba now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Modaraba's financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Modaraba increases its interest in a joint operation that meets the definition of a business. A Modaraba remeasures its previously held interest in a joint operation when it obtains control of the business. A Modaraba does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a Modaraba treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Modaraba's financial statements.

2.4 Applicability of International Accounting Standard (IAS) 17 „Leases,, and Islamic Financial Accounting Standard (IFAS) 2 „Ijarah,,

SECP vide its circular no. 10 of 2004 dated 13 February 2004, had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from 1 July 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of IAS 17 to the Modarabas. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease entered into by the Modaraba upto 30 June 2008). From 1 July 2008, all new lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained hereunder. Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the Securities and Exchange Commission of Pakistan ('the SECP') vide SRO 431(1)/2007 dated 22 May 2007. During the year ended 30 June 2009, SECP vide its letter no. SC/M/RW/SC/2009 dated 9 March 2009, directed that the management companies of Modarabas may apply the accounting treatment of IFAS 2, only to the leasing (Ijarah) transactions entered on or after 1 July 2008. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mustajir (lessor) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Consequently, in preparation of these financial statements the Modaraba has accounted for leasing transactions executed before 1 July 2008 as finance leases consistent with prior years and has treated leasing transactions executed on or after 1 July 2008 in accordance with the requirements of IFAS 2.

2.5 Functional and presentation currency

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

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described as follows:

- Estimates of residual values, useful lives and depreciation methods of fixed assets in own use, intangible assets and Ijarah assets (notes 3.7, 3.8, 3.10)

The Modaraba's management determines the useful lives and related depreciation charge and the residual values of its fixed assets in own use, intangible assets and assets held under Ijarah arrangements on a regular basis.

These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- Provision against non-performing Ijarah rentals receivable, operation and maintenance income receivable and other receivables (note 3.2.1.4)

The Modaraba reviews its Ijarah rentals receivable, operation and maintenance income receivable and other receivables on each reporting date to assess the amount of non-performing portfolio / balances and provision required there against on a regular basis. Provisions against non-performing facilities of Ijarah contracts and operation and maintenance contracts are recognised on the basis of Prudential Regulation of Modarabas issued by the SECP or based on judgement of management, whichever is higher. Provision against other receivable is recognised based on management judgement regarding the recoverability of balance. Balances considered bad and irrecoverable are written off when identified.

- Staff retirement benefits (notes 3.15.1 and 18)

The Modaraba has post retirement benefit obligations, which are determined through actuarial valuations carried out by an independent actuary using various assumptions as disclosed in note 18 to these financial statements. Changes in these assumptions in future years may affect the liability under these schemes in those years.

- Provision for taxation (notes 3.11 and 32)

No provision has been made in these financial statements for income taxes (both current and deferred) as the Modaraba expects to distribute at least 90% of its profits (after appropriation to mandatory reserves as required under the Modaraba Ordinance) to the certificate holders in current and future years.

For the above purposes, and also in respect of making an estimate for income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

- Spare parts (note 3.6)

The Modaraba reviews the net realisable value of spare parts to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of spare parts with a corresponding effect on the profit and loss account of those future years.

2.7 Significant transactions and events affecting the Modaraba's financial position and performance

- Right issue was approved by the Board of Directors of the Modaraba in its meeting held on 29 August 2017 in the proportion of each ordinary right share for every 7 ordinary shares held as of 19 December 2017. Total number of right shares offered were 24,500,000 at the rate of Rs.15 per share (Rs.10 par value and Rs.5 premium per share) and Rs. 367.5 million (including premium of Rs. 122.5 million) was received by the Modaraba against the above right issue and shares were issued there against.
- Arranged a Diminishing Musharaka finance facility from National Bank of Pakistan, Askari Bank Limited, Bank Al-Habib Limited and Meezan Bank Limited with a sanctioned limit of Rs. 500 million, 270 million, 500 million and 500 million respectively. Further, the Modaraba has made repayment amounting to Rs. 1,020.57million to banks and modarabas (refer note 19).
- During the year, Modaraba has made capital expenditure amounting to Rs.421.61 million, Rs. 391.56 million and Rs.800.98 million for logistic vehicles, machines and generators respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include cash and balances with banks in current and savings accounts, cash in hand and other short-term highly liquid investments with original maturities of three months or less (if any).

3.2 Financial instruments

3.2.1 Financial assets

321.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial instruments: Recognition and Measurement', at the time of acquisition of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Modaraba are classified in the following categories:

- Loans and receivables**
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Held-to-maturity**
These are financial assets with fixed or determinable payments and fixed maturity with the Modaraba having positive intent and ability to hold to maturity.
- Financial assets 'at fair value through profit or loss'**
Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity and (c) financial assets 'at fair value through profit or loss'.

3.2.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the management commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the transaction costs associated with these financial assets are taken directly to the profit and loss account.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss' and 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

"Available for sale" financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) Financial assets classified as 'loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are subsequently carried at amortised cost.

3.2.1.4 Impairment (including provision for potential Ijarah losses, operation and maintenance income and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing Ijarah contracts, operation and maintenance contracts, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances are written off when there is no realistic prospect of recovery.

3.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

3.2.3 Derecognition

Financial assets are derecognised at the time when the Modaraba loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss arising on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Ijarah rentals and operation and maintenance income receivable

These are stated at amount receivable net of provision. The provision is recognised in accordance with the Prudential Regulations for Modarabas issued by the SECP.

3.4 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.5 Advances, deposits and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

3.6 Spare parts

Spare parts are valued at lower of cost determined on weighted average basis and net realisable value. Cost comprises invoice value and other cost incurred in bringing the inventories to their present location and condition.

Net realisable value comprises of the estimated selling price in the ordinary course of business less costs which are necessarily incurred in order to make the sale.

3.7 Ijarah assets

3.7.1 Owned assets

Assets leased out under Ijarah arrangements on or after 1 July, 2008 are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is written off over the standard hours of usage, which is considered to be the estimated useful life of the asset. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.

3.7.2 Change in accounting estimate

During the year the Modaraba has reviewed the residual values and useful lives of its fixed asset in own use and ijarah assets as required by International Accounting Standard 16 "Property, Plant and Equipment" . This review has resulted in downward revision of the residual value of certain generators and machines and at the same also increased the useful lives of machines only. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the effect of this change in accounting estimate has been recognised prospectively in the profit and loss account from the current year. Had there been no change in the accounting estimate, the carrying amount of these assets, profit for the year and equity as at 30 June 2018 would have been lower by Rs. 1.545 million.

3.8 Fixed assets in own use - tangible

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

Depreciation on all fixed assets is charged to income applying the straight-line method over the useful life of the asset as disclosed in note 10 to the financial statements and after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal. and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.

3.9 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of fixed assets / ijarah assets as and when the assets are available for intended use.

3.10 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 11 to these financial statements. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account in the period in which these arise.

3.11 Taxation

The income of non-trading modarabas is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory

reserve, required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 are distributed amongst the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing its profit on the above mentioned basis.

3.12 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

3.13 Compensated absences

The Modaraba also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated upto the balance sheet date in accordance with the service rules (and accumulated upto a specified limit).

3.14 Provisions

Provisions are recognised when the Modaraba has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.15 Staff retirement benefits

3.15.1 Unfunded gratuity scheme

The Modaraba operates an unfunded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. Modaraba's obligation under the scheme is determined through actuarial valuations carried out under "Projected Unit Credit Method". Gratuity is based on last drawn basic salary. Actuarial valuations are conducted annually and the latest valuation was conducted at the balance sheet date. Service costs are recognised in profit and loss in the period in which they occur. Net interest on net defined benefit liability is also recognised in profit and loss. Effect of remeasurement comprising actuarial gain / loss is recognised in other comprehensive income. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

3.15.2 Staff Provident fund - defined contribution plan

The Modaraba Management Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the Fund by the Modaraba and the employees in accordance with the rules of the Fund. The Modaraba has no further payment obligation once the contributions have been paid. The contributions made by the Modaraba are recognised as an employee benefit expense when they are due.

3.16 Diminishing musharakah financing payable

Diminishing musharakah financing is recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, this is stated at original cost less principal repayments.

3.17 Revenue recognition

3.17.1 Ijarah rentals (under IFAS 2)

Ijarah rentals are recognised as income on an accrual basis, as and when rentals become due.

3.17.2 Operation and maintenance services

Revenue from operation and maintenance services is recognised when the related services have been rendered.

3.17.3 Income on savings accounts with banks

Return on savings accounts is recognised on accrual basis at the implicit rate of interest.

3.17.4 Revenue recognition on Diminishing Musharaka

Profit on Diminishing Musharaka arrangements is recognized under the effective profit rate method based on the outstanding amount.

3.18 Impairment on non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.19 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. All exchange differences arising on translations are included in the profit and loss account currently.

3.20 Segment reporting

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 has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

A business segment is a distinguishable component of the Modaraba that is engaged in providing related products or services and which is subject to risks and rewards that are different from those of other segments. The Modaraba's primary format for segment reporting is based on 'business segments' as the Modaraba conducts its operations only in Pakistan.

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

3.21 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

3.22 Proposed profit distribution to certificate holders and appropriations to statutory reserves

Profit distribution to certificate holders is recognised as a liability in the period in which such distribution is announced.

Appropriations to statutory reserves declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in financial statements of the current year. These are recognised in the year in which these are declared / approved.

4. CASH AND BANK BALANCES

Note	2018	2017
	(Rupees)	
Balances with banks in:		
- current accounts	19,398,295	88,625,767
- deposit accounts	71,135,765	217,836,263
	90,534,060	306,462,030
Cash in hand	696,780	977,362
	91,230,840	307,439,392

- 4.1** These balances carry profit at rates ranging from 3.89% to 4.11% per annum (2017: 3.86% to 4.34% per annum).

	Note	2018	2017
(Rupees)			
Considered good		744,730,047	661,452,074
Non-performing portfolio (classified portfolio)	5.1	715,022,507	404,064,042
		<u>1,459,752,554</u>	<u>1,065,516,116</u>
Provision against potential Ijarah losses	5.1 & 5.3	(125,638,086)	(77,611,579)
		<u>1,334,114,468</u>	<u>987,904,537</u>

5.1 Ijarah rentals receivables - considered doubtful (classified portfolio)

	2018		2017	
	Balance outstanding	Provision held	Balance outstanding	Provision held
(Rupees)				
OAEM (Other Assets Especially Mentioned)	394,396,721	-	170,591,464	-
Substandard	213,818,476	42,763,695	120,110,534	20,188,573
Doubtful	47,865,838	23,932,919	94,878,075	39,939,037
Loss	58,941,472	58,941,472	18,483,969	17,483,969
	<u>715,022,507</u>	<u>125,638,086</u>	<u>404,064,042</u>	<u>77,611,579</u>

Ijarah rental includes exposure which are secured by way of cash deposits of Rs. 100.588 million (2017: Rs. 92.358 million).

- 5.2** In accordance with the prudential regulations for the Modaraba issued by the Securities and Exchange Commission of Pakistan, the Modaraba have taken the benefit of cash deposit collaterals held by the Modaraba in respect of its non-performing portfolio. Such collaterals held in case of the non-performing portfolio as at 30 June 2018 amounted to Rs. 100.588 million (2017: 92.358). Had the benefit under the said regulations not been taken by the Modaraba, specific provision against non - performing receivables as of the year end would have been higher by Rs. 19.632 million (2017: Rs. 12.334 million), while the Modaraba's equity would have been lower by the above amount.

5.3 Provision against potential Ijarah losses

	2018	2017
(Rupees)		
Opening balance	77,611,579	37,691,325
Charged during the year	93,509,885	56,202,793
Written off during the year	(45,483,378)	(16,282,539)
Closing balance	<u>125,638,086</u>	<u>77,611,579</u>

5.4 The related party from whom the debts is due are as under:

Allied Commercial Enterprises Limited (subsequently cleared)	<u>20,009,023</u>	<u>-</u>
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Above entity is a related party / associated undertaking due to presence of significant influence owing to common directorship.

5.4.1 Above balance is mark-up free and unsecured. Aging of above balances at the balance sheet date is as follows:

	2018	2017
(Rupees)		
Not past due	10,211,171	-
Past due 1-180 days	9,797,852	-
	<u>20,009,023</u>	<u>-</u>

6. OPERATION AND MAINTENANCE INCOME RECEIVABLE

	Note	2018	2017
		(Rupees)	
Considered good		17,050,011	14,978,600
Non-performing portfolio (classified portfolio)	6.1	15,738,302	21,509,249
		<u>32,788,313</u>	<u>36,487,849</u>
Provision against operation and maintenance income receivable - Non-performing portfolio	6.1 & 6.2	(3,424,539)	(6,811,169)
		<u>29,363,774</u>	<u>29,676,680</u>

6.1 Operation and maintenance income receivable - (classified portfolio)

	2018		2017	
	Balance outstanding	Provision held	Balance outstanding	Provision held
	(Rupees)			
OAEM (Other Assets Especially Mentioned)	1,902,556	-	3,497,029	-
Substandard	11,644,448	2,328,890	7,316,470	1,463,294
Doubtful	2,191,298	1,095,649	10,695,750	5,347,875
Loss	-	-	-	-
	<u>15,738,302</u>	<u>3,424,539</u>	<u>21,509,249</u>	<u>6,811,169</u>

6.2 Provision against operation & maintenance income receivable

	Note	2018	2017
		(Rupees)	
Opening balance		6,811,169	1,282,805
Charged during the year		-	6,550,014
Reversal during the year		(3,188,630)	-
Written off during the year		(198,000)	(1,021,650)
Closing balance		<u>3,424,539</u>	<u>6,811,169</u>

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Income tax recoverable	7.1	278,698,086	136,015,561
Federal Excise Duty (FED) receivable	23.1.2	50,000,000	50,000,000
Punjab Sales tax refundable	14.5	96,610,414	-
Advances (unsecured):			
- to contractors		1,682,772	1,682,772
- to suppliers for expenses		70,453,696	17,076,281
- to employees against salary		5,548,685	4,815,327
- to employees for expenses	7.2	13,658,111	6,521,034
Diminishing Musharakah / Ijarah rentals paid in advance		266,153	9,449,334
Security deposits	7.3	23,134,108	41,299,030
Prepaid rent		-	1,200,000
Accrued income on profit or loss sharing bank accounts		313,513	845,072
Accrued income on Diminishing Musharaka financing		2,420	12,273
Insurance claim receivable		347,122	62,976
Others		2,222	2,222
		<u>540,717,302</u>	<u>268,981,882</u>

7.1 This includes tax collected at source at import stage by the collector of customs of Rs 114.05 million and tax deducted of Rs. 164.65 million from various payments made to Modaraba.

As explained in note 32, the income of the Modaraba is exempt from tax under clause 100 of the Second Schedule of Income Tax Ordinance, 2001. However, withholding of taxes under sections 153 (1)(b), 148 and other sections of the Income Tax Ordinance, 2001 have been made by the withholding agents. Exemption certificates for non-deduction of tax at source is currently not available with the Modaraba and was not renewed by Commissioner Inland Revenue Large Tax Payer Unit (LTU-II) and an appeal to the Chief Commissioner LTU-II was also not accepted.

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

However, after the orders passed by CIR and Chief Commissioner of turning down the exemption request under section 148 and 153 (1) (b) of the Modaraba, management has filed the constitutional petition in the Honourable Sindh High Court against the said orders which is pending herein. The Modaraba, in consultation with its tax advisor is of the view that it has a fair chance of succeeding in the above matter.

7.2 This represents advance given to employees for expenses. The maximum amount receivable at the end of any month during the year was Rs. 13.658 million (2017: Rs. 6.521 million).

7.3 This includes current portion of long-term security deposits amounting to Rs. Nil (2017: Rs. 14.480 million) paid against Ijarah finance contracts and are refundable / adjustable on the expiry of lease period which is within one year.

This also includes Rs. 12.4 million (2017: Rs. 12.419 million) held by Banks as security for the guarantee of the same amount given by them on behalf of the Modaraba to its suppliers / customers.

8. LONG-TERM SECURITY DEPOSITS	Note	2018	2017
		(Rupees)	
Deposit with Central Depository Company of Pakistan Limited		50,000	50,000
Security deposits receivable in respect of assets obtained under Ijarah arrangements (IFAS - 2)		-	14,480,502
Repayable / adjustable within one year	7.3	-	(14,480,502)
		50,000	50,000
9. DIMINISHING MUSHARAKA - secured			
Auto finance (motor bikes)	9.1	967,729	6,769,730

9.1 The above facility is secured against a demand promissory note of Rs. 4.491 million in favour of the Modaraba. The balance carries a profit rate at 15 % per annum and is payable by 24 October 2018.

10. FIXED ASSETS IN OWN USE - tangible	Note	2018	2017
		(Rupees)	
Fixed assets in own use - tangible (at cost less accumulated depreciation)	10.1	115,918,755	83,156,510
Capital work-in-progress	10.2	15,365,240	21,825,786
		131,283,995	104,982,296

10.1 Fixed Assets In Own Use - tangible

Year ended June 30, 2018			
	Furniture, fixtures and office equipment	Vehicles	Total
	(Rupees)		
At 1 July 2017			
Cost	22,237,552	101,006,401	123,243,953
Accumulated depreciation	(9,513,297)	(30,574,146)	(40,087,443)
Net book value	12,724,255	70,432,255	83,156,510
Additions	6,738,315	48,812,243	55,550,558
Disposals			
Cost	-	(11,238,078)	(11,238,078)
Accumulated depreciation	-	3,501,564	3,501,564
	-	(7,736,514)	(7,736,514)
Depreciation charge for the year	(2,720,889)	(12,330,911)	(15,051,800)
Closing net book value	16,741,681	99,177,073	115,918,754
At 30 June 2018			
Cost	28,975,867	138,580,566	167,556,433
Accumulated depreciation	(12,234,186)	(39,403,493)	(51,637,679)
Net book value	16,741,681	99,177,073	115,918,754
Life (years)	3 to 8	8	

	Year ended June 30, 2017		
	Furniture, fixtures and office equipment	Vehicles (Rupees)	Total
At 1 July 2016			
Cost	17,729,596	104,966,567	122,696,163
Accumulated depreciation	(7,098,236)	(25,773,553)	(32,871,789)
Net book value	10,631,360	79,193,014	89,824,374
Additions	4,529,956	8,433,620	12,963,576
Disposals			
Cost	(22,000)	(12,393,786)	(12,415,786)
Accumulated depreciation	3,911	5,197,937	5,201,848
	(18,089)	(7,195,849)	(7,213,938)
Depreciation charge for the year	(2,418,972)	(9,998,530)	(12,417,502)
Closing net book value	12,724,255	70,432,255	83,156,510
At 30 June 2017			
Cost	22,237,552	101,006,401	123,243,953
Accumulated depreciation	(9,513,297)	(30,574,146)	(40,087,443)
Net book value	12,724,255	70,432,255	83,156,510
Life (years)	3 to 8	8	

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

10.3 Details of disposal of fixed assets in own use are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
Items of net book value not below Rs. 500,000 each			(Rupees)				
Motor vehicles	1,507,000	703,267	803,733	348,262	(455,471)	Modaraba's Policy	Mr. Ali Ahsan (employee)
	1,507,000	653,033	853,967	678,767	(175,200)	Modaraba's Policy	Mr. Ali Ammar (employee)
	1,004,000	158,967	845,033	574,300	(270,733)	Modaraba's Policy	Ahmed Zafar (employee)
	851,276	326,322	524,954	370,000	(154,954)	Modaraba's Policy	Abdul Hanan (employee)
	978,327	48,916	929,411	1,195,205	265,794	Negotiation	Assadullah Memon (employee)
	708,000	35,400	672,600	620,284	(52,316)	Modaraba's Policy	Zeeshan Raja (employee)
	1,039,000	432,917	606,083	382,677	(223,406)	Modaraba's Policy	Babar sohail (employee)
	1,300,000	300,537	999,463	1,028,549	29,086	Modaraba's Policy	Muhammad Shariq Khan (employee)
	1,120,000	420,000	700,000	533,029	(166,971)	Modaraba's Policy	Muhammad Shariq Khan (employee)
2018	10,014,603	3,079,359	6,935,244	5,731,073	(1,204,171)		
2017	12,415,786	5,201,848	7,213,938	7,022,236	(191,702)		

10.4 The depreciation charge for the year has been allocated as under:

	Note	2018	2017
(Rupees)			
Operating expenses (representing depreciation on ijarah assets - note 12.1)	26	929,546,056	786,163,797
Administrative and distribution expenses (representing depreciation on fixed assets in own use - note 10.1)	27	15,051,800	12,417,502
		<u>944,597,856</u>	<u>798,581,299</u>
11. INTANGIBLE ASSET FOR OWN USE			
Intangible asset for own use (at cost less amortization)	11.1	4,301,009	6,212,568
Advance to the supplier for the software		1,825,556	1,240,260
		<u>6,126,565</u>	<u>7,452,828</u>
11.1			
Cost - computer software		7,646,238	7,646,238
Amortization during the year	27	(3,345,229)	(1,433,670)
carrying value as at the year end		<u>4,301,009</u>	<u>6,212,568</u>
Life over which cost of the asset is amortized		4 years	4 years
12. IJARAH ASSETS			
Ijarah assets (at cost less accumulated depreciation)	12.1	6,732,935,766	6,059,664,727
		<u>6,732,935,766</u>	<u>6,059,664,727</u>

12.1 Ijarah assets - at cost less accumulated depreciation

Year ended June 30, 2018			
	Generators, material handling / transportation vehicles and related equipment	Machines	Total
(Rupees)			
At 1 July 2017			
Cost	8,571,584,642	817,980,227	9,389,564,869
Accumulated depreciation	(3,236,248,485)	(93,651,657)	(3,329,900,142)
Net book value	<u>5,335,336,157</u>	<u>724,328,570</u>	<u>6,059,664,727</u>
Additions	1,335,204,974	391,561,526	1,726,766,500
Disposals			
Cost	(388,976,698)	-	(388,976,698)
Accumulated depreciation	265,027,293	-	265,027,293
	<u>(123,949,405)</u>	<u>-</u>	<u>(123,949,405)</u>
Depreciation charge for the year	(856,548,609)	(72,997,447)	(929,546,056)
Closing net book value	<u>5,690,043,117</u>	<u>1,042,892,649</u>	<u>6,732,935,766</u>
At 30 June 2018			
Cost	9,517,812,918	1,209,541,753	10,727,354,671
Accumulated depreciation	(3,827,769,801)	(166,649,104)	(3,994,418,905)
Net book value	<u>5,690,043,117</u>	<u>1,042,892,649</u>	<u>6,732,935,766</u>
Life (Years)	1 to 24	8 to 10	

	Year ended June 30, 2017		
	Generators, material handling / transportation vehicles and related equipment	Machines	Total
At 1 July 2016	(Rupees)		
Cost	8,147,104,314	363,400,318	8,510,504,632
Accumulated depreciation	(2,724,722,965)	(59,582,490)	(2,784,305,455)
Net book value	5,422,381,349	303,817,828	5,726,199,177
Additions	824,976,605	470,831,471	1,295,808,076
Disposals			
Cost	(400,496,277)	(16,251,562)	(416,747,839)
Accumulated depreciation	234,648,840	5,920,269	240,569,109
	(165,847,437)	(10,331,293)	(176,178,730)
Depreciation charge for the period	(746,174,360)	(39,989,436)	(786,163,796)
Closing net book value	5,335,336,157	724,328,570	6,059,664,727
At 30 June 2017			
Cost	8,571,584,642	817,980,227	9,389,564,869
Accumulated depreciation	(3,236,248,485)	(93,651,657)	(3,329,900,142)
Net book value	5,335,336,157	724,328,570	6,059,664,727
Life (Years)	1 to 28	7 to 10	

12.2 During the year, the Modaraba acquired certain equipments and parts amounting to Rs. 157.069 (2017: Rs. 103.285 million) from Allied Engineering and Services (Private) Limited (AESL), an associated company.

12.3 Additions to Ijarah assets during the year include assets amounting to Rs.1,280.735 million (2017: Rs. 1,033.78 million) acquired under Diminishing Musharaka. The Modaraba holds title to these assets.

12.4 As at 30 June 2018, cost of total assets acquired from banks and financial institutions under Ijarah arrangements amounts to Rs. Nil (2017: Rs. 149.3 million) which do not form part of the assets of the Modaraba in accordance with the requirements of IFAS - 2. These assets have been sub-let by the Modaraba under Ijarah arrangements.

During the year, assets acquired under Ijarah arrangements amounting to Rs. 2.664 million (2017: Rs. 17.517 million) have been transferred / sold to the Modaraba after expiry of the respective Ijarah agreement and are included in additions during the year.

12.5 Details of disposal of Ijarah assets are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
Items of net book value not below Rs. 500,000 each			(Rupees)				
Gensets							
	1,307,518	737,518	570,000	600,000	30,000	Negotiation	Absolute Commodities (Private Limited.)
	93,732,914	-	93,732,914	80,903,644	(12,829,270)	Negotiation	Apex Global FZC
	46,319,356	44,486,023	1,833,333	1,500,000	(333,333)	Negotiation	Khokhar Textile
	54,962,571	53,295,904	1,666,667	1,500,000	(166,667)	Negotiation	Khokhar Textile

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
			(Rupees)				
	1,426,287	761,144	665,143	500,000	(165,143)	Negotiation	Hanif Embroidery
	39,452,529	34,452,529	5,000,000	5,000,000	-	Negotiation	Haji Sh Noor-Ud-Din & Sons
	53,192,811	45,692,811	7,500,000	7,500,000	-	Negotiation	Agri Tech Limited
	4,232,638	3,232,638	1,000,000	1,000,000	-	Negotiation	MDS Foods (Operator Of Hardees's Restaurant International)
	4,355,000	904,202	3,450,798	2,000,000	(1,450,798)	Negotiation	Iqbal Engineering Works
	3,658,460	3,158,460	500,000	500,000	-	Negotiation	Sports Star International Pvt Ltd
Forklift							
	537,529	-	537,529	133,333	(404,196)	Negotiation	Muhammad Gulzar Scrap Trader
	565,031	-	565,031	133,333	(431,698)	Negotiation	Muhammad Gulzar Scrap Trader
	794,071	28,220	765,851	133,333	(632,518)	Negotiation	Muhammad Gulzar Scrap Trader
Trucks							
	1,777,800	717,383	1,060,417	1,030,000	(30,417)	Negotiation	Mubashar Nasrullah
	658,304	64,972	593,332	1,030,000	436,668	Negotiation	Mubashar Nasrullah
	790,804	70,344	720,460	825,000	104,540	Negotiation	Mubashar Nasrullah
2018	307,763,623	187,602,148	120,161,475	104,288,643	(15,872,832)		
2017	416,747,839	240,569,109	176,178,730	189,150,055	12,971,325		

13. CAPITAL WORK-IN-PROGRESS - ijarah assets

Note

	2018	2017
	(Rupees)	
Generators under installation	7,758,256	355,888,320
Advance for purchase of equipments and Trucks	57,098,385	159,255,480
	64,856,641	515,143,800

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors for goods	14.1	351,257,500	343,023,185
Creditors for expenses		102,878,209	54,855,954
Advances from customers		49,050,857	60,419,272
Security deposit		200,000	200,000
Employee car scheme - deductions	14.2	24,092,759	18,604,636
Accrued expenses			
- Accrued commission		2,266,436	3,938,254
- Accrued staff bonus		27,516,803	23,765,097
- Auditor's remuneration		624,157	662,157
- Accrued financial charges	14.3	37,685,908	53,664,869
- Miscellaneous		40,564	49,814
		68,133,868	82,080,191
Tax deduction at source from			
- employees		612,118	476,630
- suppliers		2,523,088	1,958,850
Sindh sales tax	14.4	25,663,388	21,551,639
Punjab sales tax	14.5	-	6,597,499
Balochistan sales tax	14.6	874,238	-
		625,286,025	589,767,856

- 14.1** This includes Rs. 287.878 million (2017: Rs. 268.889 million) payable to Allied Engineering and Services (Private) Limited (an associated company) for various purchases and services availed by the Modaraba.
- 14.2** This represents amount received from employees against the Modaraba's employee car scheme policy.
- 14.3** This represents accrual of financial charges of Rs. 37.826 (2017:50.791) million and Rs. Nil (2017:2.874) respectively in respect of Diminishing Musharaka and Bai Muajjal financing activities availed by the Modaraba as of the year end.
- 14.4** The Modaraba is charging Sindh Sales Tax at the rate of 10% and 13% on its operation and maintenance and intercity transportation income respectively in accordance with the Sindh Sales Tax Act 2011 and notifications issued thereunder.
- 14.5** The Modaraba is charging Punjab Sales Tax at the rate of 16% on its operations in Punjab in accordance with the Punjab Sales Tax on Services Act 2012.
- 14.6** The Modaraba is charging Balochistan Sales Tax at the rate of 15% on its operations in Balochistan in accordance with the Balochistan Sales Tax on Services Act 2015.

	2018	2017
	(Rupees)	
15. BAI MUAJJAL - secured	-	99,694,340

This represents Bai Muajjal arrangement from a bank carrying profit at the rate of 7.18% per annum (2017: 7.11%) per annum and had matured on 23 May 2018 (2017: 2 August 2017).

16. PAYABLE TO THE MODARABA MANAGEMENT COMPANY

	Note	2018	2017
		(Rupees)	
Remuneration payable to Management Company - net	16.1	10,965,972	10,445,075
Sindh Sales Tax payable on remuneration of Management Company	30	1,300,000	3,537,496
		12,265,972	13,982,571

- 16.1** 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 year ended June 2018 has been recognised at 2.468% (2017: 2.137%) of profit for the year.

17. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured

	Note	2018	2017
		(Rupees)	
Musharaka finance	17.1 & 17.3	3,043,988,105	2,837,804,499
Due within one year		(1,008,787,702)	(794,791,146)
		2,035,200,403	2,043,013,353
17.1 Financing from banking and financial institutions		2,860,237,958	2,654,054,352
Financing from modarabas		183,750,147	183,750,147
		3,043,988,105	2,837,804,499

- 17.2** The total facility from Musharaka finance available from financial institutions and Modarabas amounts to Rs. 6,584.243 million and Rs. 253.994 million respectively. These facilities have maturities from July 2018 to June 2023 (2017: July 2017 to November 2021) and are secured against the hypothecation of Ijarah assets amounting to Rs. 5,715.155 million (2017 Rs. 5,593.936 million). Share of profit payable on these facilities is 7.05% to 7.84% per annum (2017: 6.62% to 8.23%) per annum.

- 17.3** This includes advance for diminishing musharaka amounting to Rs. 191.866 million (2017: Rs. 474.271 million) and was converted subsequent to the year end into diminishing musharaka facility when the assets were available for its intended use. Share of profit payable on this balance is at rate of 7.05% per annum (2017: ranging from 6.66% to 7.16% % per annum).

18. DEFERRED LIABILITY

	Note	2018	2017
		(Rupees)	
Deferred liability for staff gratuity	18.2	69,496,154	52,067,969

18.1 Defined benefit plan - gratuity

18.1.1 Salient Features

The Modaraba operates an unfunded scheme to provide gratuity to the permanent employees on retirement. The latest actuarial valuation of this scheme was carried out as at 30 June 2018 using the Projected Unit Credit Method by an independent actuary. Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2018 are given in note 18.1.2. Gratuity is payable to the employees in case of death, retirement or resignation, excluding dismissal due to disciplinary issues. Normal retirement age is 60 years. As at 30 June 2018, 391 employees (2017: 387 employees) were covered under the scheme.

Under the service rules, eligible employees are entitled to gratuity after ten years of service and the amount depending on the number of years of service completed by them and at different entitlement rates (at basic salaries).

18.1.2 The Gratuity scheme exposes the Modaraba to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Valuation results

Actuarial valuation is carried out once every year. The latest valuation was carried out as at 30 June 2018. The information provided in notes 18.2 to 18.10 has been obtained from the latest actuarial valuation report. The following significant assumptions have been used for valuation of this scheme:

	2018	2017
	%	
Valuation discount rate	10	9.25
Salary increase rate	10	9.25-10
Rate of employee turnover	moderate	moderate

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

18.2 Amount recognised in the balance sheet

Note	2018	2017
	(Rupees)	
Present value of defined benefit obligation	69,496,155	52,067,969

18.3 Movement in amount payable to the defined benefit plan

Opening balance	52,067,969	39,081,569
Charge for the year	12,206,189	9,776,036
Benefits paid during the year	(145,573)	(2,730,249)
Remeasurement loss on obligation recognised in other comprehensive income	5,367,570	5,940,613
Closing balance	69,496,155	52,067,969

18.4 Movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation - opening	52,067,969	39,081,569
Current service cost	7,133,766	6,036,878
Mark-up cost	5,072,423	3,739,158
Benefit paid during the year	(145,573)	(2,730,249)
Remeasurement loss on obligation recognised in other comprehensive income	5,367,570	5,940,613
Present value of defined benefit obligation - closing	69,496,155	52,067,969

18.4.1 Analysis of present value of defined benefit obligation

	2018	2017
	(Rupees)	
Split by type of members:		
Active employees	69,496,155	52,067,969
Split by vested / non-vested		
(i) Vested benefits	45,324,289	32,951,708
(ii) Non-vested benefits	24,171,866	19,116,261
	69,496,155	52,067,969
Split by benefits earned to date		
(i) Accumulated benefit obligation	23,339,259	18,139,995
(ii) Amounts attributable to future salary increase	46,156,896	33,927,974
	69,496,155	52,067,969
Cadre by type of members		
Management staff	69,496,155	52,067,969

18.5 Amount charged to the profit and loss account

The following amounts have been charged to the profit and loss account in the current year in respect of this scheme:

	2018	2017
	(Rupees)	
Current service cost	7,133,766	6,036,878
Interest expense	5,072,423	3,739,158
	12,206,189	9,776,036

18.6 Remeasurements recognised in other comprehensive income during the year

	2018	2017
	(Rupees)	
Remeasurement loss on obligation recognised in other comprehensive income	5,367,570	5,940,613

18.7 Historic Information

	2018	2017	2016	2015	2014
	(Rupees)				
Present value of defined benefit obligation	69,496,155	52,067,969	39,081,569	30,456,248	24,730,674
Remeasurement (loss) / gain on obligation	(5,367,570)	(5,940,613)	(731,105)	1,321,654	(2,682,375)

18.8 The defined benefit obligations are based in Pakistan

The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees)		
Discount rate	1%	61,266,925	79,327,526
Salary increase rate	1%	79,230,753	61,197,866

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

18.9 The weighted average duration of the defined benefit obligation is 12.9 years.**18.10** Based on actuarial advice, the Modaraba intends to charge an amount of Rs. 16.192 million in the financial statements for the year ended 30 June 2019.

	2018	2017
	(Rupees)	
19. OTHER LONG-TERM EMPLOYEE BENEFITS	18,729,167	15,973,327

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 5.731 million (2017: Rs. 5.544 million).

	2018	2017
	(Rupees)	
20. SECURITY DEPOSITS		
Security deposits payable in respect of assets given under Ijarah arrangements (IFAS - 2)	115,088,000	92,358,000
Repayable / adjustable within one year	(56,963,000)	(34,423,000)
	58,125,000	57,935,000

21. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**Authorised certificate capital**

2018	2017		2018	2017
Number of certificates			(Rupees)	
225,000,000	225,000,000	Modaraba Certificates of Rs. 10 each	2,250,000,000	2,250,000,000
Issued, subscribed and paid-up certificate capital				
172,625,000	148,125,000	Modaraba Certificates of Rs. 10 each fully paid in cash	1,726,250,000	1,481,250,000
27,375,000	27,375,000	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	273,750,000	273,750,000
200,000,000	175,500,000		2,000,000,000	1,755,000,000

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

	2018		2017	
	Number of certificates	Rupees	Number of certificates	Rupees
Allied Engineering and Services (Private) Limited	140,119,158	1,401,191,580	85,146,412	851,464,120
Allied Engineering Management Company (Private) Limited	39,999,998	399,999,980	35,100,000	351,000,000
	<u>180,119,156</u>	<u>1,801,191,560</u>	<u>120,246,412</u>	<u>1,202,464,120</u>

22. STATUTORY (MANDATORY) RESERVE

Statutory reserve represents profits set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require a Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid-up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year the Modaraba has transferred an amount of Rs. 197.562 million (2017: Rs. 180.767 million) which represents 50% (2017: 40%) of the profit after tax.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Contingencies outstanding as at 30 June 2018 are as follows:

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

During the year ended 30 June 2014, the Assistant Commissioner - Sindh Revenue Board (SRB) issued an order no. 160 of 2013 dated 12 July 2013 demanding Sindh Sales Tax of Rs. 25.633 million at 16% on total Operation and Maintenance income of the Modaraba of Rs. 160.204 million for the year ended 30 June 2012.

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 - Sindh Revenue Board (SRB). Simultaneously, the Modaraba also filed a Constitutional petition in the Honorable High Court of Sindh relating to the levy of Sindh Sales Tax by virtue of which the Honorable High Court of Sindh kindly stayed the demand of Sindh Sales Tax vide its order dated 11 October 2013. However, subsequently the Honorable High Court of Sindh issued a judgment dated 27 January 2014 directing SRB not to take any coercive action against Allied Rental Modaraba, till the decision has been reached in Appeal which was pending before the Commissioner Appeals - Sindh Revenue Board (SRB).

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

The Modaraba had filed a Constitutional Petition CP No. D-1190 in the Honorable High Court of Sindh against the order of the Commissioner Appeals - Sindh Revenue Board (SRB) by virtue of which the Honorable High Court of Sindh vide its order dated 11 March 2014 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 direction of the Honorable High Court of Sindh, filed an appeal to the tribunal.

During the year ended 30 June 2018, tribunal disposed of the appeal in favour of the Modaraba. However, the Commissioner has demanded the said tax dues along with default surcharge. Modaraba has filed an appeal with the Commissioner appeals along with applications for stay of demand which remains undisposed, therefore, Modaraba filed a petition dated 15 May 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 Management believes that the outcome of the petition will be in favour of the Modaraba and hence no provision has been made in these financial statements.

23.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On 1 March 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding Federal Excise Duty (FED) aggregating to Rs. 838.662 million (calculated @16% of gross receipts of the Modaraba for the above mentioned tax years) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on 16 March 2016. An under protest payment of Rs. 50 million was also made by the Modaraba to the Federal Board of Revenue in respect of the above.

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

However, in contradiction to the above mentioned judgment by the SHC, the CIR-A through orders dated 3 June 2016 upheld the levy of FED on the Modaraba and consequently directed the Modaraba to pay the alleged amount of FED along with default surcharge and penalty. In response the Modaraba has filed appeals with the Honorable Appellate Tribunal Inland Revenue (ATIR) which is pending hearing.

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

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and Supreme Court of Pakistan will be in favour of the Modaraba. Accordingly, no provision in respect of FED has been made in these financial statements. Further, the under protest payment of Rs. 50 million made to the FBR has been shown as a refundable balance in note 7 to these financial statements.

23.1.3 On 5 June 2017, the Sindh Revenue Board issued a notification under which an amendment was made in Rule 42E (5) Sindh Sales Tax on Service Act, 2011. The amount of reimbursement of salaries and allowances of the labour and manpower are included in the value of services. Hence such reimbursements is now exposed to Sindh sales tax at 13% under tariff heading 9829.0000 of the Second Schedule of Sindh Sales Tax on Service Act, 2011. Earlier such reimbursements were not exposed to Sindh sales tax. The Honourable Court of Sindh has granted interim stay on aforesaid change on 21 August 2017. The amount involved in respect of this amendment is estimated to be of Rs. 22.775 million as of 30 June 2018. The management, based on a legal advise, believes that the decision will be in its favour.

23.1.4 During the year ended 30 June 2018, Commissioner demanded, through assessment order no. 01 of 2018 dated 27 June 2018, sales tax amounting to Rs. 26.228 million in respect of disposal of ijarah asset against sales value of Rs. 156.64 million. Modaraba has filed an appeal with Commissioner (Appeal) and paid ten percent of the demanded amount. The Management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision has been made in these financial statements.

23.1.5 During the year ended 30 June 2018, Deputy Commissioner Inland Revenue (CIR) issued an order D.C. no. 21/03 dated 9 June 2018 in respect of tax audit for the tax year 2012. Order demanded tax amounting to Rs. 8.152 million against the profit on ijarah financing, gain on assets of ijarah assets and management fees which were adjusted against the income tax recoverable for the said tax year. Modaraba has filed an appeal with Commissioner Inland Revenue (Appeal) against the order. The Management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision has been made in these financial statements.

23.1.6 Please refer note 7.3 also regarding certain guarantees given on behalf of the Modaraba and note 31 regarding workers welfare fund.

23.2 Commitments

23.2.1 Contractual rentals receivable on Ijarah contracts

	June 30, 2018				June 30, 2017			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
	(Rupees)							
Rentals receivable in future	156,865,437	199,472,000	-	356,337,437	96,561,512	59,353,086	-	155,914,598

This represents the rentals receivable by the Modaraba in future periods in respect of Ijarah assets given under long-term arrangements.

23.2.2 Contractual rentals payable on Ijarah contracts

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

	June 30, 2018			June 30, 2017		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
	(Rupees)					
Rentals payable in future	-	-	-	831,846	-	831,846

Assets acquired under the above arrangements have been further sub-let under Ijarah arrangements. During the year, an expense of Rs. 9.934 million (2017: Rs. 85.639 million) and income of Rs. 0.538 million (2017: Rs. 109.558 million) was recognized under the above Ijarah arrangements. The cost of assets acquired under Ijarah arrangements as at 30 June 2018 is Rs. 151.964 million (30 June 2017: Rs. 149.3 million) (refer note: 12.4).

23.2.3 Commitments under letter of credit for purchase of Ijarah assets as at 30 June 2018 amounted to Rs. Nil (2017: Rs. 148.545 million).

	Note	2018	2017
		(Rupees)	
24. IJARAH RENTALS - net			
Ijarah rentals		3,885,698,155	3,240,558,190
Sales tax		(311,559,018)	(239,535,729)
		<u>3,574,139,137</u>	<u>3,001,022,461</u>
25. OPERATION AND MAINTENANCE INCOME - net			
Operation and maintenance income		132,915,477	124,368,972
Sales tax		(10,909,692)	(9,124,118)
		<u>122,005,785</u>	<u>115,244,854</u>
26. OPERATING EXPENSES			
Salaries, wages and other staff benefits	26.1	821,037,515	615,057,296
Depreciation expense	10.4	929,546,056	786,163,797
Repairs and maintenance expenses	26.2	345,432,581	329,531,875
Ijarah rentals		9,934,771	85,639,188
Fleet vehicles running expenses		546,331,425	376,815,014
Vehicles running expenses		25,213,620	16,197,228
Insurance expense - equipments		39,453,339	30,147,571
Travelling and conveyance expenses		10,797,463	12,437,084
Rent expense		30,619,867	25,025,597
		<u>2,758,366,637</u>	<u>2,277,014,650</u>

26.1 This includes contribution of Rs. 4.802 million (2017: Rs. 6.014 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 5.879 million (2017: Rs. 7.55 million).

26.2 This includes expenses of Rs. 298.027 million (2017: Rs. 273.530 million) for parts purchased and services availed from Allied Engineering and Services (Private) Limited, an associated company.

27. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

	Note	2018	2017
		(Rupees)	
Salaries, wages and other staff benefits	27.1	122,988,718	109,707,176
Vehicle running costs		10,798,440	8,096,700
Travelling and conveyance		5,855,507	6,814,087
Depreciation expense	10.4	15,051,800	12,417,502
Amortization expense	11.1	1,911,559	1,433,670
Legal and professional charges		16,159,239	10,062,795
Auditors' remuneration	27.2	1,160,500	1,055,000
Telephone, postage and fax charges		6,445,864	4,851,546
Advertisement and sales promotion		1,732,120	700,576
Printing and stationery		5,319,976	5,367,938
Insurance cost - vehicles		2,327,146	1,948,367
Training, meetings and tender participation		2,191,638	1,113,668
Donation	27.3	642,920	700,000
Software development		1,610,503	1,454,655
Entertainment		5,618,671	5,973,820
Utilities		2,594,330	3,115,647
Security		3,605,869	1,961,050
Miscellaneous		99,070	125,006
		<u>206,113,870</u>	<u>176,899,203</u>

27.1 This includes contribution of Rs. 7.612 million (2017: Rs.3.668 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 2.778 million (2017: Rs. 2.225 million).

	2018	2017
	(Rupees)	
27.2 Auditors' remuneration		
Audit fee	605,000	550,000
Fee for review of half yearly financial statements	286,000	260,000
Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance	88,000	80,000
Other certifications	93,500	85,000
Out of pocket expenses	88,000	80,000
	<u>1,160,500</u>	<u>1,055,000</u>
27.3 Donations were paid to the following individuals / organisations:		
Islamic Educational & Welfare Society	50,000	100,000
Burhani Medical Welfare Association	100,000	120,000
Markaz-e-Umeed For Special Children	40,000	50,000
Fatimid Foundation (Blood Bank, Haematological Services & Kidney Center)	85,000	155,000
Haswa (Healthcare And Social Welfare Association)	50,000	25,000
Koochi Goth Hospital	217,920	150,000
Al-Madad Welfare Society	35,000	50,000
Help Foundation	40,000	-
Nigahban Foundation	25,000	-
National Institute of Child Health Trust	-	50,000
	<u>642,920</u>	<u>700,000</u>

27.3.1 None of the directors and employees of the Modaraba Management Company had any interest in the donation.

27.3.2 None of the donation given to a single party exceeding Rs. 500,000/- during the year.

28. FINANCE COST**Note****2018****2017**

(Rupees)

Financial cost on Diminishing Musharaka financing arrangement		216,030,389	159,645,820
Financial cost on Bai Muajjal financing arrangement		7,716,673	6,656,969
Bank charges and commission		4,712,331	2,133,250
Exchange loss		18,281,188	985,543
		<u>246,740,581</u>	<u>169,421,582</u>

29. OTHER INCOME - net**Income from financial assets**

Profit on deposit accounts with bank		6,667,124	6,780,335
Reversal of provision against operation and maintainance receivables	6.2	3,188,630	-
Profit on term deposit placement with bank		-	384,247
Income from Diminishing Musharka arrangements	9	582,845	371,054

Income from non financial assets

Proceeds from disposal of scrap		16,993,589	11,355,562
(Loss) / gain on disposal of fixed assets and Ijarah - net		(17,850,126)	12,779,625
Reversal of provision of WWF	31	-	6,007,120
Reversal of Sindh sales tax on Management fee write off	30	4,127,747	-
		<u>13,709,809</u>	<u>37,677,943</u>

30. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

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

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

During the year, management company paid the sales tax amounting to Rs. 6,201,028 to SRB which was charged off in the prior years in Modaraba's financial statement. Therefore, Modaraba has claimed it as input tax in the current year supported by tax advice and has also claimed input tax amounting to Rs. 4.127 million on management company remuneration of current year and prior year (recorded as income).

31. WORKERS' WELFARE FUND

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

Therefore, based on above grounds the Modaraba, has filed a petition CPD: 935/2017 dated 15 February 2017 in the Sindh High Court. The Management of the Modaraba is hopeful of a favourable outcome of its appeal. Nonetheless, the amount involved is not considered to be material.

Besides based on the legal view, the management is of the view that the Federal Workers Welfare Fund is not applicable to the Modaraba.

32. TAXATION

32.1 As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that not less than ninety percent of their profits for the year as reduced by the amount transferred to statutory (mandatory) reserves are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 44, no provision for taxation has been made in these financial statements.

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

33. EARNINGS PER CERTIFICATE - basic and diluted

Basic earnings per certificate is worked out as under:
Profit for the year

Weighted average number of ordinary certificates
outstanding during the year

Earnings per certificate - basic and diluted

2018	2017
(Rupees)	
395,123,758	457,859,046
(Number of Certificates) Restated	
209,052,258	202,000,334
(Rupees)	
1.89	2.27

33.1 No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instrument which would have an impact on basic earnings per certificate when exercised.

33.2 This includes the impact of issue of bonus certificate approved by the Board of Director of the Management Company in the proportion of 1 certificate for every 10 certificates held amounting to Rs. 200 million in its meeting held on 29 August 2018.

34. CASH GENERATED FROM OPERATIONS

Note

Profit before taxation

Adjustment for non cash charges and other items:

		2018	2017
		(Rupees)	
Profit before taxation		395,123,758	457,859,046
Adjustment for non cash charges and other items:			
- Depreciation	10.4	944,597,856	798,581,299
- Amortization	27	1,911,559	1,433,670
- Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.2	93,509,885	62,750,777
- Reversal of provision against potential Ijarah losses and operation and maintenance income	6.2	(3,188,630)	-
- Provision for deferred liabilities - gratuity	18	12,206,189	9,776,036
- Provision for long term employee benefits		2,962,976	9,812,766
- Financial charges including bank charges		240,073,457	162,641,247
- Loss / (profit) on disposal of Ijarah assets	29	16,580,758	(12,971,326)
- Loss on disposal of fixed assets in own use	29	1,269,368	191,702
		1,309,923,418	1,032,216,171

34.1 Working capital changes

	2018	2017
	(Rupees)	
(Increase) / decrease in current assets		
- Ijarah rentals receivable	(439,719,816)	(326,712,097)
- Operation and maintenance income receivable	3,501,536	(5,891,483)
- Advances, deposits, prepayments and other receivable	(271,735,420)	(105,948,731)
- Spare parts	(31,948,365)	(6,834,045)
- Long-term security deposit	-	25,388,002
- Diminishing musharaka financing	5,802,001	(6,769,730)
	(734,100,064)	(426,768,084)
(Decrease) / increase in current liabilities		
- Creditors, accrued and other liabilities	35,518,169	(121,176,826)
- Payable to the Modaraba Management Company	(1,716,599)	1,855,972
- Security deposits	22,730,000	27,858,000
	56,531,570	(91,462,854)
	1,027,478,682	971,844,279

35. REMUNERATION OF EXECUTIVES AND OTHER EMPLOYEES

	2018			2017		
	Executives (Key management personnel)	Other employees	Total	Executives (Key management personnel)	Other employees	Total
	(Rupees)					
Basic salary	43,560,549	82,396,118	125,956,667	38,013,978	73,009,075	111,023,053
Bonus	4,369,465	9,147,337	13,516,802	9,084,600	17,816,200	26,900,800
House rent allowance	19,602,247	37,078,253	56,680,500	17,106,290	32,854,084	49,960,374
Utility allowance	4,356,055	8,239,612	12,595,667	3,801,398	7,300,908	11,102,306
Conveyance allowance	5,455	6,343,265	6,348,720	231,030	5,952,398	6,183,428
Provident fund	4,306,407	7,658,197	11,964,604	3,728,202	6,827,164	10,555,366
Gratuity	3,930,600	8,275,590	12,206,190	3,205,856	6,570,180	9,776,036
Contribution to Employees' Old Age Benefit	1,155,299	2,432,397	3,587,696	1,053,375	2,158,821	3,212,196
Medical benefits	5,012,162	10,552,741	15,564,903	4,273,122	8,757,469	13,030,591
	86,298,239	172,123,510	258,421,749	80,497,851	161,246,299	241,744,150
Number of persons	32	384	416	29	358	387

35.1 Certain executives and officers are also provided free use of vehicles maintained by the Modaraba and fuel allowance. Above expenses do not include the remuneration of the Chief Executive Officer.

36. FINANCIAL INSTRUMENTS BY CATEGORY

	2018				
	Loans and receiv- ables	Assets 'at fair value through profit & loss'	Available for sale	Held-to- maturity	Total
	(Rupees)				
Assets					
Cash and bank balances	91,230,840	-	-	-	91,230,840
Ijarah rentals receivable	1,334,114,468	-	-	-	1,334,114,468
Operation and maintenance income receivable	29,363,774	-	-	-	29,363,774
Advances, deposits and other receivables	23,799,385	-	-	-	23,799,385
Long-term security deposits	50,000	-	-	-	50,000
Diminishing Musharka Financing	-	-	-	967,729	967,729
	1,478,558,467	-	-	967,729	1,479,526,196

2018		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities
	(Rupees)	
		Total
Liabilities		
Creditors, accrued and other liabilities	-	546,562,336
Bai Muajjal - secured	-	-
Payable to the Modaraba Management Company	-	10,965,972
Diminishing musharakah financing payable - secured	-	3,043,988,105
Other long-term employee benefit	-	18,729,167
Security deposits	-	115,088,000
Unclaimed dividend	-	1,092,249
	-	3,736,425,829

2017				
	Loans and receiv- ables	Assets 'at fair value through profit & loss'	Available for sale	Held-to- maturity
	(Rupees)			
				Total
Assets				
Cash and bank balances	307,439,392	-	-	307,439,392
Ijarah rentals receivable	987,904,537	-	-	987,904,537
Operation and maintenance income receivable	29,676,680	-	-	29,676,680
Advances, deposits and other receivables	42,221,573	-	-	42,221,573
Long-term security deposits	50,000	-	-	50,000
Diminishing Musharka Financing	-	-	-	6,769,730
	1,367,292,182	-	-	6,769,730
				1,374,061,912

2017		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities
	(Rupees)	
		Total
Liabilities		
Creditors, accrued and other liabilities	-	498,763,966
Bai Muajjal - secured	-	99,694,340
Payable to the Modaraba Management Company	-	10,445,075
Diminishing musharakah financing payable - secured	-	2,837,804,499
Other long-term employee benefit	-	15,973,327
Security deposits	-	92,358,000
Unclaimed dividend	-	712,887
	-	3,555,752,094
		3,555,752,094

37. FINANCIAL RISK MANAGEMENT

Risk management framework

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, the Modaraba's constitutive documents and the regulations and directives of the SECP. These limits reflect

the business strategy and market environment of the Modaraba as well as the level of the risk that the Modaraba is willing to accept. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

37.1 Market Risk

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of the changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk comprise of three types of risks : currency risk, interest rate risk and price risk.

Management of market risks

The Management Company manages market risk by monitoring its financial instruments as per the internal risk management policies and investment guidelines approved by the Board of Directors of the Management Company.

The Modaraba is exposed to currency risk and interest rate risk only.

37.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign currency exchange rates. The Modaraba primarily has foreign currency exposure in US Dollars (USD) and Great Britain Pound (GBP). At 30 June 2018 the Modaraba's exposure to foreign currency risk in respect of its obligation was USD 94,465 and 15,820 (2017: USD 341,273). Net exposure is payable by the Modaraba in Rupees at the rate on which these are settled by the Modaraba.

The following significant exchange rates were applied during the year:

	Average rates		Balance sheet date rates	
	2018	2017	2018	2017
Rupees / US Dollar	109.97	104.90	121.50	104.98
Rupees / Great Britain Pound	148.26	-	159.93	-

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against USD and GBP as at 30 June 2018 would have increased / (decreased) equity and profit by Rs. 0.7004 million (2017: Rs. 1.791 million) mainly as a result of foreign exchange gains / losses on translation of USD and GBP denominated bills payable. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis as for 2017.

37.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Modaraba's interest bearing financial instruments and the periods in which these will mature are as follows (based on the earlier of repricing and contractual maturity):

2018

On-balance sheet financial instruments**Financial assets**

Cash and bank balances	71,135,765	-	-	-	-	-	-	-	-	20,095,075	91,230,840
Ijarah rentals receivable	-	-	-	-	-	-	-	-	-	1,334,114,468	1,334,114,468
Operation and maintenance income receivable	-	-	-	-	-	-	-	-	-	29,363,774	29,363,774
Advances, deposits and other receivables	-	-	-	-	-	-	-	-	-	23,799,385	23,799,385
Long-term security deposits	-	-	-	-	-	-	-	-	-	50,000	50,000
Diminishing musharakah financing	237,443	483,826	246,459	-	-	-	-	-	-	-	967,728
Sub total	71,373,208	483,826	246,459	-	-	-	-	-	-	1,407,422,702	1,479,526,195

Financial liabilities

Creditors, accrued, and other liabilities	-	-	-	-	-	-	-	-	-	546,562,336	546,562,336
Bai Muajjal - secured	-	-	-	-	-	-	-	-	-	-	-
Payable to the Modaraba Management Company	-	-	-	-	-	-	-	-	-	10,965,972	10,965,972
Diminishing musharakah financing payable - secured	66,542,963	209,428,321	231,273,660	501,542,763	1,755,427,701	87,890,650	191,882,047	-	-	3,043,988,105	3,043,988,105
Other long-term employee benefit	-	-	-	-	-	-	-	-	-	18,729,167	18,729,167
Security deposits	-	-	-	-	-	-	-	-	-	115,088,000	115,088,000
Unclaimed dividend	-	-	-	-	-	-	-	-	-	1,092,249	1,092,249
Sub total	66,542,963	209,428,321	231,273,660	501,542,763	1,755,427,701	87,890,650	191,882,047	692,437,724	3,736,425,829		

On-balance sheet gap

	4,830,245	(208,944,495)	(231,027,201)	(501,542,763)	(1,755,427,701)	(87,890,650)	(191,882,047)	714,984,978	(2,256,899,634)		
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Off-balance sheet financial instruments**Financial assets**

Rentals receivable in future	-	-	-	-	-	-	-	-	-	356,337,437	356,337,437
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Off-balance sheet gap

	-	-	-	-	-	-	-	-	-	356,337,437	356,337,437
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Total interest rate sensitivity gap

	4,830,245	(208,944,495)	(231,027,201)	(501,542,763)	(1,755,427,701)	(87,890,650)	(191,882,047)	1,071,322,415	(1,900,562,197)		
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Cumulative interest rate sensitivity gap

	4,830,245	(204,114,250)	(435,141,451)	(936,684,214)	(2,692,111,915)	(2,780,002,565)	(2,971,884,612)	(1,900,562,197)			
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2017

	Effective yield / profit rate	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Not exposed to yield / profit	Total
(Rupees)										
On-balance sheet financial instruments										
Financial assets										
Cash and bank balances	3.86%-4.34%	217,836,263	-	-	-	-	-	-	89,603,129	307,439,392
Ijarah rentals receivable		-	-	-	-	-	-	-	987,904,537	987,904,537
Operation and maintenance income receivable		-	-	-	-	-	-	-	29,676,680	29,676,680
Advances, deposits and other receivables		-	-	-	-	-	-	-	42,221,573	42,221,573
Long-term security deposits		-	-	-	-	-	-	-	50,000	50,000
Diminishing musharakah financing	15%	832,796	853,741	1,321,039	2,794,428	967,725	-	-	-	6,769,729
Sub total		218,669,059	853,741	1,321,039	2,794,428	967,725	-	-	1,149,455,919	1,374,061,911
Financial liabilities										
Creditors, accrued, and other liabilities		-	-	-	-	-	-	-	498,763,966	498,763,966
Bai Muqajjal - secured	7.11%	99,694,340	-	-	-	-	-	-	-	99,694,340
Payable to the Modaraba Management Company		-	-	-	-	-	-	-	13,982,571	13,982,571
Diminishing musharakah financing payable - secured	6.62%-8.23%	69,853,307	167,486,789	161,520,860	395,930,164	1,309,839,696	258,902,357	-	474,271,326	2,837,804,499
Other long-term employee benefit		-	-	-	-	-	-	-	15,973,327	15,973,327
Security deposits		-	-	-	-	-	-	-	92,358,000	92,358,000
Unclaimed Dividend		-	-	-	-	-	-	-	712,887	712,887
Sub total		169,547,647	167,486,789	161,520,860	395,930,164	1,309,839,696	258,902,357	-	1,096,062,077	3,559,289,590
On-balance sheet gap		49,121,412	(166,633,048)	(160,199,821)	(393,135,736)	(1,308,871,971)	(258,902,357)	-	53,393,842	(2,185,227,679)
Off-balance sheet financial instruments										
Financial assets										
Rentals receivable in future		-	-	-	-	-	-	-	155,914,598	155,914,598
Financial liabilities										
Future ijarah rentals payable		-	852,375	-	-	-	-	-	-	852,375
Commitments in respect of outstanding letter of credits and registered import contracts		-	-	-	-	-	-	-	148,545,002	148,545,002
Off-balance sheet gap		-	(852,375)	-	-	-	-	-	7,369,596	6,517,221
Total interest rate sensitivity gap		49,121,412	(167,485,423)	(160,199,821)	(393,135,736)	(1,308,871,971)	(258,902,357)	-	60,763,438	(2,178,710,458)
Cumulative interest rate sensitivity gap		49,121,412	(118,364,011)	(278,563,832)	(671,699,568)	(1,980,571,539)	(2,239,473,896)	(2,239,473,896)	(2,178,710,458)	

The Modaraba's interest rate exposure arises on saving accounts with banks, and Diminishing Musharakah Financing payable. At the balance sheet date the interest rate profile of the Modaraba's interest-bearing financial instrument was as follows:

		Carrying Amount	
	Note	2018	2017
		(Rupees)	
Fixed rate instruments			
Financial assets			
Diminishing Musharaka	9	967,729	6,769,730
Financial liabilities			
Bai Muajjal	15	-	(99,694,340)
		967,729	(92,924,610)
Variable rate instruments			
Financial assets			
Saving accounts with banks	4	71,135,765	217,836,263
Financial liabilities			
Diminishing Musharakah financing payable - secured	17	(3,043,988,105)	(2,837,804,499)
		(2,972,852,340)	(2,619,968,236)

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity for variable interest rate instruments

In case of 100 basis points increase / decrease in KIBOR on the last repricing date of variable rate instruments, (other than savings accounts) with all other variables held constant, the profit and loss and equity of the Modaraba would be higher / lower by Rs. 2.266 million (2017: Rs. 3.784 million). The sensitivity of savings account has not been presented as the impact would not be material.

37.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The modaraba is not exposed to price risk.

37.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Modaraba, resulting in a financial loss to the Modaraba. At the year end it arises principally from Ijarah rental receivable, operational and maintenance income receivable, bank balances, deposits and other receivables.

Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with its internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of leasing / Ijarah activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. Cash is held only with reputable banks with high quality credit worthiness.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2018	2017
		(Rupees)	
Bank balances	4	90,534,060	306,462,030
Ijarah rentals receivable		1,334,114,468	987,904,537
Operation and maintenance income receivable		29,363,774	29,676,680
Long-term security deposits		50,000	50,000
Advances, deposits and other receivables		23,799,385	42,221,573
Diminishing musharaka financing - secured	9	967,729	6,769,730
Total carrying value (and maximum exposure to credit risk)		1,478,829,416	1,373,084,550

37.2.1 Credit risk ratings and collaterals held

37.2.1.1 Credit risk rating of the banks and their respective balances are given below:

	2018	2017
	(Rupees)	
Rating		
A1	2,593,519	19,823,543
A1+	49,150,324	286,638,487
A+	38,790,217	-
	90,534,060	306,462,030

37.2.1.2 Collaterals

The Modaraba does not hold any collateral from the counter parties against balances with banks and these are unsecured. The assets leased out by the Modaraba under ijarah arrangements are secured as the title to the asset is held by the Modaraba. An amount of Rs. 115.088 million (2017: Rs. 92.358 million) is also kept as security deposits against these arrangements.

37.2.2 Impairment losses and past due balances

The age analysis of the rental receivable (ijarah rentals and operation and maintenance income receivable) on the date of reporting is as follows:

	2018		2017	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	(Rupees)			
Not past due	643,448,262	-	443,067,107	-
Past due 1-90 days	435,910,826	-	236,860,596	-
Past due 91 days to 180 days	149,362,812	-	170,591,464	-
Past due 181 days to one year	120,889,865	45,092,585	127,427,004	21,651,867
Past due one year to two years	67,204,859	25,028,568	105,573,825	45,286,912
More than two years	75,724,243	58,941,472	18,483,969	17,483,969
Total	1,492,540,867	129,062,625	1,102,003,965	84,422,748

Impairment is recognised by the Modaraba on the basis of the provisioning requirements of the Prudential Regulations for Modarabas issued by the SECP which includes subjective evaluation of its ijarah rentals and operation and maintenance income receivable portfolio carried out by the Modaraba on an on going basis (and consideration of forced sales value of properties, wherever considered necessary and available, in accordance with the Prudential Regulations). Based on the past experience, consideration of financial position, past track records and recoveries, the Modaraba believes that additional provision against past due balances is not required.

37.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

Details of the Modaraba's concentration of credit risk of financial instruments by industrial distributions are as follows:

	2018		2017	
	(Rupees)	%	(Rupees)	%
Food And Beverages	207,753,988	14.05%	160,295,387	11.67%
Energy, Oil And Gas	185,274,566	12.53%	81,293,027	5.92%
Construction	183,906,721	12.44%	97,390,755	7.09%
Textile And Cotton	147,217,760	9.96%	318,915,869	23.23%
Fast Moving Consumer Goods (FMCG)	118,254,178	8.00%	52,436,825	3.82%
Chemicals And Pharmaceuticals	97,255,858	6.58%	31,621,784	2.30%
Bank	92,992,854	6.29%	349,736,851	25.47%
Engineering	80,122,294	5.42%	62,845,226	4.58%
Packaging	57,914,591	3.92%	43,185,722	3.15%
Logistics	47,816,687	3.23%	40,998,373	2.99%
Paper And Board	46,794,412	3.16%	17,866,491	1.30%
Cement	40,258,893	2.72%	7,624,662	0.56%
Media	22,733,650	1.54%	2,473,338	0.18%
Healthcare	22,312,106	1.51%	15,959,456	1.16%
Warehousing	22,243,480	1.50%	404,440	0.03%
Manufacturing	21,829,757	1.48%	4,796,876	0.35%
Electrical	13,306,699	0.90%	3,713,490	0.27%
Edible Oil	13,209,101	0.89%	18,591,107	1.35%
Sugar	6,895,063	0.47%	805,190	0.06%
Mining	6,530,339	0.44%	4,367,680	0.32%
Information Technology And Communication	4,506,881	0.30%	16,392,107	1.19%
Education	4,161,386	0.28%	2,203,528	0.16%
Sports	3,065,864	0.21%	5,530,702	0.40%
Automobiles	2,755,562	0.19%	8,785,834	0.64%
Glass And Ceramics	2,672,805	0.18%	2,540,679	0.19%
Dairy & Poultry	2,651,396	0.18%	-	0.00%
Rice	2,386,521	0.16%	1,656,802	0.12%
Hotel	2,321,018	0.16%	2,275,529	0.17%
Event Management	2,276,878	0.15%	2,707,745	0.20%
Plastic Industries	1,415,201	0.10%	1,749,197	0.13%
Printing	1,097,567	0.07%	2,087,386	0.15%
Poultry	570,193	0.04%	-	0.00%
Non Governmental Organization	146,621	0.01%	4,218,588	0.31%
Other	14,178,526	0.96%	7,613,904	0.55%
	1,478,829,416	100%	1,373,084,550	100%

37.3 Liquidity Risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations arising from its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner disadvantageous to the Modaraba. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected.

Management of liquidity risk

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. In an urgent situation, the Modaraba may also opt for borrowing funds from its related parties and even from other banks.

Maturity analysis of financial liabilities

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

2018					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
(Rupees)					
Non-derivative financial assets					
Cash and bank balances	91,230,840	91,230,840	91,230,840	-	-
Ijarah rentals receivable	1,334,114,468	1,334,114,468	1,334,114,468	-	-
Operation and maintenance income receivable	29,363,774	29,363,774	29,363,774	-	-
Advances, deposits, prepayments and other receivables	23,799,385	23,799,385	23,799,385	-	-
Long term security deposits	50,000	50,000	50,000	-	-
Diminishing musharaka financing - secured	967,729	998,156	998,156	-	-
	1,479,526,196	1,479,556,623	1,479,556,623	-	-
Non-derivative financial liabilities					
Creditors, accrued and other liabilities	546,562,336	546,562,336	519,045,533	27,516,803	-
Bai Muajjal - secured	-	-	-	-	-
Payable to the Modaraba Management Company	10,965,972	10,965,972	10,965,972	-	-
Diminishing musharakah financing payable - secured	3,043,988,105	3,592,218,662	699,536,976	674,039,025	2,218,642,661
Other long-term employee benefit - compensated absences	18,729,167	18,729,167	18,729,167	-	-
Security deposits	115,088,000	115,088,000	-	56,963,000	58,125,000
Unclaimed dividend	1,092,249	1,092,249	1,092,249	-	-
	3,736,425,829	4,284,656,386	1,249,369,897	758,518,828	2,276,767,661
	(2,256,899,633)	(2,805,099,763)	230,186,726	(758,518,828)	(2,276,767,661)
2017					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
(Rupees)					
Non-derivative financial assets					
Cash and bank balances	307,439,392	307,439,392	307,439,392	-	-
Ijarah rentals receivable	987,904,537	987,904,537	987,904,537	-	-
Operation and maintenance income receivable	29,676,680	29,676,680	29,676,680	-	-
Advances, deposits, prepayments and other receivables	42,221,573	42,221,573	42,221,573	-	-
Long term security deposits	50,000	50,000	50,000	-	-
Diminishing musharaka financing - secured	6,769,730	7,243,660	3,469,125	2,873,606	900,929
	1,374,061,912	1,374,535,842	1,370,761,307	2,873,606	900,929
Non-derivative financial liabilities					
Creditors, accrued and other liabilities	498,763,966	498,763,966	475,711,756	23,765,097	-
Bai Muajjal - secured	99,694,340	103,228,084	103,228,084	-	-
Payable to the Modaraba Management Company	13,982,571	13,982,571	13,982,571	-	-
Diminishing musharakah financing payable - secured	2,837,804,499	3,019,004,863	413,668,669	410,629,071	2,194,707,122
Other long-term employee benefit - compensated absences	15,973,327	15,973,327	15,973,327	-	-
Security deposits	92,358,000	92,358,000	-	15,423,000	57,935,000
Unclaimed dividend	712,887	712,887	712,887	-	-
	3,559,289,590	3,744,023,698	1,023,277,294	449,817,168	2,252,642,122
	(2,185,227,678)	(2,369,487,856)	347,484,013	(446,943,562)	(2,251,741,193)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at the year end (and includes both principal and profit payable thereon). The rates of mark-up have been disclosed in note 37.1.2 to these financial statements.

37.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2018					
	Issued, subscribed and paid up certificate capital	Premium on issue of certificates	Unappropriated profit	Diminishing musharakah financing availed (Rupees)	Bai muajjal availed	Total
Balance as at 1 July 2017	1,755,000,000	1,133,212,500	307,251,794	2,888,595,221	102,568,487	6,186,628,002
Changes from financing cash flows						
Repayment of Diminishing musharakah	-	-	-	(1,034,115,438)	-	(1,034,115,438)
Proceeds from Diminishing musharakah	-	-	-	1,240,299,044	-	1,240,299,044
Bai Muajjal financing availed	-	-	-	-	199,835,414	199,835,414
Repayment of Bai Muajjal facility	-	-	-	-	(299,529,754)	(299,529,754)
Proceeds from issue of certificates	245,000,000	122,500,000	-	-	-	367,500,000
Profit distribution to the certificate holders	-	-	(263,250,000)	-	-	(263,250,000)
Expenses against issuance of bonus / right certificates	-	-	(2,060,838)	-	-	(2,060,838)
Total changes from financing activities	245,000,000	122,500,000	(265,310,838)	206,183,606	(99,694,340)	208,678,428
Other changes						
Finance Cost	-	-	-	216,030,389	7,716,673	223,747,062
Finance Cost paid	-	-	-	(229,135,203)	(10,590,820)	(239,726,023)
Total comprehensive income for the year	-	-	389,756,188	-	-	389,756,188
Transfer to statutory reserve	-	-	(197,561,879)	-	-	(197,561,879)
Total equity related other changes	-	-	192,194,309	(13,104,814)	(2,874,147)	176,215,348
Balance as at 30 June	2,000,000,000	1,255,712,500	234,135,265	3,081,674,013	-	6,571,521,778

38. OPERATIONAL RISKS

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

39. CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders'

and benefits of other stake holders and to maintain a and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit paid to certificate holders or issue new certificates.

The Modaraba is not subject to externally imposed capital requirements.

40. RELATED PARTIES TRANSACTIONS

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

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

40.1 Details of transactions and balances with related parties during the year / as at the year-end, other than those which has been disclosed else where in these financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Note	2018	2017
				(Rupees)	
Allied Engineering Management Company (Private) Limited (Modaraba Management Company)	Associated Company	Modaraba Management Company's remuneration	16.1	10,000,000	10,000,000
		Payment made to the Modaraba Management Company (including Management Fee) during the year		41,586,918	8,144,028
		Amount received from the Modaraba Management Company during the year		14,000	-
		Amount received against subscription of right certificates		73,499,970	-
		Dividend paid during the year		52,650,000	35,100,000
		Outstanding certificates 39,999,998 (2017: 35,100,000)		399,999,980	351,000,000
		Payable to the Modaraba Management Company (including sales tax on Management Company remuneration)		12,265,972	13,982,571
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)	Associated Company	Purchase of assets	12.2	157,069,219	103,285,202
		Purchase of parts and services	26.2	298,027,219	273,530,141
		Income from ijarah assets		15,657,502	6,804,592
		Issue of Right certificates 17,164,581 (2017: Nil) (including premium of Rs. 5 per certificate) during the year		257,468,715	-
		Reimbursement of expenses		10,323,220	10,913,912
		Dividend paid		127,719,618	85,146,412
		Outstanding certificates 140,119,158 (2017: 85,146,412)		1,401,191,580	851,464,120
		Payable against purchase of parts and services		287,878,649	268,889,781
Apex Machinery (Private) Limited	Associated Company	Purchase of parts		67,844,851	19,166,925
		Payable against purchase of parts		10,315,427	5,084,215
Allied Commercial Enterprises (Private) Limited	Associated Company	Income from ijarah assets		20,009,023	-
		Ijarah rental receivable		20,009,023	-
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident Fund	Contribution to the staff provident fund during the year		11,964,604	9,682,947
		Issue of Right certificates 415,928 (2017: Nil) (including premium of Rs. 5 per certificate) during the year		6,238,923	-
		Dividend paid		4,469,111	2,979,407
		Outstanding certificates 3,395,335 (2017: 2,979,407)		33,953,350	29,794,070

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2018	2017
			(Rupees)	
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel during the year	86,298,239	80,497,851
		Issue of Right certificates 18,861 (2017: Nil) (including premium of Rs. 5 per certificate) during the year	282,915	-
		Dividend paid during the year	202,665	173,848
		Contribution to the staff provident fund during the year	4,306,407	3,728,202
		Charge for staff gratuity scheme during the year	3,930,600	3,205,856
		Loss on sale of vehicles under employee car scheme (Sale proceeds: 1,027,029 (2017: 3,097,190))	640,067	932,877
		Outstanding certificates 146,164 (2017: 184,604)	1,461,640	1,846,040
Directors	Directors of Management Company	Dividend paid	4,175,906	2,783,937
		Outstanding certificates 12,034,330 (2017: 2,783,937)	120,343,300	27,839,370

40.2 The status and details of outstanding balances with associated undertakings / related parties as at 30 June 2018 are included in the respective notes to the financial statements.

41. SEGMENTAL INFORMATION

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

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

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

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 year.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from financing investments in entities incorporated in Pakistan.

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

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

	2018	2017	2018	2017	2018	2017
	Ijarah Rentals		Operation and maintenance income		Total	
	(Rupees)					
Segment revenues / profits						
Revenue	3,574,139,137	3,001,022,461	122,005,785	115,244,854	3,696,144,922	3,116,267,315
Costs	(3,208,271,743)	(2,589,351,094)	(96,459,230)	(96,735,118)	(3,304,730,973)	(2,686,086,212)
Reportable segment profit	365,867,394	411,671,367	25,546,555	18,509,736	391,413,949	430,181,103
Segment assets and liabilities						
Reportable segment assets						
Rentals receivable	1,334,114,468	987,904,537	29,363,774	29,676,680	1,363,478,242	1,017,581,217
Advances, deposits, prepayments and other receivables	207,901,404	154,567,812	-	-	207,901,404	154,567,812
Spare parts	104,835,161	72,886,796	-	-	104,835,161	72,886,796
Ijarah assets	6,732,935,766	6,059,664,727	-	-	6,732,935,766	6,059,664,727
Capital work-in-progress	64,856,641	515,143,800	-	-	64,856,641	515,143,800
	8,444,643,440	7,790,167,672	29,363,774	29,676,680	8,474,007,214	7,819,844,352
Reportable segment liabilities						
Creditors, accrued and other liabilities	440,517,353	465,663,675	-	-	440,517,353	465,663,675
Bai Muajjal - secured	-	99,694,340	-	-	-	99,694,340
Diminishing Musharaka	3,043,988,105	2,837,804,499	-	-	3,043,988,105	2,837,804,499
Security deposits	115,088,000	92,358,000	-	-	115,088,000	92,358,000
	3,599,593,458	3,495,520,514	-	-	3,599,593,458	3,495,520,514

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

	Note	2018	2017
		(Rupees)	
Revenues			
Total revenue for reportable segments	24	3,696,144,922	3,116,267,315
Other income	29	13,709,809	37,677,943
		3,709,854,731	3,153,945,258
Profit			
Total profit for reportable segments		391,413,949	430,181,103
Other income		13,709,809	37,677,943
Modaraba Management Company's Remuneration		(10,000,000)	(10,000,000)
		395,123,758	457,859,046
Assets			
Total assets for reportable segments		8,474,007,214	7,819,844,352
Cash and bank balances		91,230,840	307,439,392
Advances and other receivables		332,815,898	114,414,070
Security deposits		50,000	50,000
Diminishing musharaka financing - secured		967,729	6,769,730
Fixed assets in own use - tangible		131,283,995	104,982,296
Intangible asset for own use		6,126,565	7,452,828
		9,036,482,241	8,360,952,668

	2018	2017
	(Rupees)	
Liabilities		
Total liabilities for reportable segments	3,599,593,458	3,495,520,514
Creditors, accrued and other liabilities	184,768,672	124,817,068
Payable to the Modaraba Management Company	12,265,972	13,982,571
Deferred liability for staff gratuity	69,496,154	52,067,969
Other long-term employee benefit	18,729,167	15,973,327
Unclaimed dividend	1,092,249	712,887
	<u>3,885,945,672</u>	<u>3,703,074,336</u>

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

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

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

As at 30 June 2018 and 30 June 2017, there were no financial instruments which were measured at fair values in the financial statements.

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

		2018							
		Carrying Value			Total	Fair Value			Total
Note		Loans and receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	
(Rupees)									
Financial assets not measured at fair value	42.2								
Cash and bank balances		91,230,840	-	-	91,230,840	-	-	-	-
Ijarah rentals receivable		1,334,114,468	-	-	1,334,114,468	-	-	-	-
Operation and maintenance income receivable		29,363,774	-	-	29,363,774	-	-	-	-
Advances, deposits and other receivables		23,799,385	-	-	23,799,385	-	-	-	-
Diminishing musharaka		967,729	-	-	967,729	-	-	-	-
Long term security deposit		50,000	-	-	50,000	-	-	-	-
		<u>1,479,526,196</u>	<u>-</u>	<u>-</u>	<u>1,479,526,196</u>				
Financial liabilities not measured at fair value	42.2								
Creditors, accrued and other liabilities		-	-	546,562,336	546,562,336	-	-	-	-
Bai Muajjal - secured		-	-	-	-	-	-	-	-
Payable to the Modaraba Management Company		-	-	10,965,972	10,965,972	-	-	-	-
Diminishing musharaka		-	-	3,043,988,105	3,043,988,105	-	-	-	-
Security deposits		-	-	115,088,000	115,088,000	-	-	-	-
Unclaimed dividend		-	-	1,092,249	1,092,249	-	-	-	-
		<u>-</u>	<u>-</u>	<u>3,717,696,662</u>	<u>3,717,696,662</u>				

		2017							
		Carrying Value			Fair Value				
Note		Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees)							
Financial assets not measured at fair value	42.2								
Cash and bank balances		307,439,392	-	-	307,439,392	-	-	-	-
Ijarah rentals receivable		987,904,537	-	-	987,904,537	-	-	-	-
Operation and maintenance income receivable		29,676,680	-	-	29,676,680	-	-	-	-
Advances, deposits and other receivables		42,221,573	-	-	42,221,573	-	-	-	-
Diminishing musharaka		6,769,730	-	-	6,769,730	-	-	-	-
Long term security deposit		50,000	-	-	50,000	-	-	-	-
		1,374,061,912			1,374,061,912				
Financial liabilities not measured at fair value	42.2								
Creditors, accrued and other liabilities		-	-	498,763,966	498,763,966	-	-	-	-
Bai Muajjal - secured		-	-	99,694,340	99,694,340	-	-	-	-
Payable to the Modaraba Management Company		-	-	10,445,075	10,445,075	-	-	-	-
Diminishing musharaka		-	-	2,837,804,499	2,837,804,499	-	-	-	-
Security deposits		-	-	92,358,000	92,358,000	-	-	-	-
Unclaimed dividend		-	-	712,887	712,887	-	-	-	-
		-	-	3,539,778,767	3,539,778,767				

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

43. NUMBER OF EMPLOYEES

The total number of employees as at year end were 416 (2017: 387) and average number of employees were 383 (2017: 366).

44. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

44.1 The Board of Directors of the Management Company has approved dividend at the rate of Rs. 1.0 per certificate (2017: Rs. 1.5 per certificate) for the year ended 30 June 2018, resulting in a total distribution of profit amounting to Rs. 200 million (2017: Rs. 263.25 million), in its meeting held on 29 August 2018 which is more than 90% of the net profit for the year ended 30 June 2018, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending 30 June 2019.

45. CORRESPONDING FIGURES

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassification has been made during the year other than disclosed elsewhere in these financial statements.

Description	Reclassified from	Reclassified to	2017 (Rupees)
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	712,887

46. GENERAL

DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on 29 August 2018.

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


Murtaza Ahmed Ali
Chief Executive


Syed Feisal Ali
Director


Abdul Rahim Suriya
Director


Naveed Shaheen
Chief Financial Officer

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سالانہ نظر ثانی اجلاس کی اطلاع

اطلاع دی جاتی ہے کہ حاملانِ سرٹیفیکیٹ کا بارھواں نظر ثانی اجلاس جمعہ، 26 اکتوبر 2018ء بوقت 2:30 سہ پہر، بمقام (رجسٹرڈ پتہ) 21/3 سیکٹر 22 کورنگی انڈسٹریل ایریا، کراچی میں منعقد کیا جا رہا ہے۔ جس کا مقصد اختتام شدہ سال 30 جون 2018ء کے دوران مضاربہ کی کارکردگی پر نظر ثانی ہے۔

حاملانِ سرٹیفیکیٹ جن کا نام 19 اکتوبر 2018ء تک الائیڈ رینٹل مضاربہ کے حاملانِ سرٹیفیکیٹ کے رجسٹر میں درج ہے۔ اس سالانہ نظر ثانی اجلاس میں شمولیت کے حقدار ہیں۔

بحکم بورڈ

محمد سعد

کمپنی سیکریٹری

29 اگست 2018ء

کراچی

نوٹ:

1۔ سرٹیفیکیٹ ٹرانسفر کی کتاب سالانہ نظر ثانی اجلاس میں شمولیت کے مقصد کے تحت 20 اکتوبر 2018ء سے 26 اکتوبر 2018ء تک بند رہے گی (دونوں دن شامل ہیں)۔ ہر طرح سے مکمل ٹرانسفر جو 19 اکتوبر 2018ء کے دن اختتام کا رتک ہمارے رجسٹر آفس میسرز JWAFS رجسٹر افسروں (پرائیویٹ) لمیٹڈ، 407-408، المیر سینٹر، شارع عراق، صدر، کراچی میں موصول ہوں وہ بروقت تصور ہوں گے۔

2۔ CDC حاملانِ سرٹیفیکیٹ جو اجلاس میں شمولیت کے خواہاں ہوں ان سے التماس ہے کہ وہ اپنے اصل CNIC، اکاؤنٹ اور پارٹنیشنپنٹ آئی۔ ڈی، شناخت کی غرض سے ساتھ لائیں۔

اعتراف

مضاربہ کی پائیدار ترقی کے بنیادی عوامل ہمارے اپنے لوگ ہیں۔ مضاربہ کے ڈائریکٹرز ہر فرد کی کاوشوں کو سراہتے ہیں جنہوں نے صارفین کو ان کی توقعات سے بڑھ کر اعلیٰ ترین خدمات پیش کیں اور مضاربہ کیلئے مستقل کاروبار کو یقینی بنایا۔ ہم خلوص دل سے رجسٹرار مضاربہ، مذہبی بورڈ، مالیاتی اداروں اور اپنے کاروباری شرکاء کے مسلسل تعاون اور رہنمائی کیلئے ان کے شکرگزار ہیں۔

اس کے ساتھ ہی ہم کاروبار میں تسلسل برقرار رکھنے پر اپنے صارفین کے بھی ممنون ہیں۔ ہم اپنے ٹھکانہ ہولڈرز کے تعاون اور ہماری انتظامیہ پر اعتماد کیلئے ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ



مرتنی احمد علی

چیف ایگزیکٹو

29 اگست 2018

بورڈ آف ڈائریکٹرز، مسرت مطلع کرتے ہیں کہ

- مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی تفصیلات (Financial Statements) میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- مضاربہ کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ اور حسابات کے تخمینہ کی تیاری میں محتولیت اور دانائی پر مبنی فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں مضاربہ پر لاگو اور بین الاقوامی مالیاتی معیارات کی بنیاد پر تیار کئے گئے ہیں۔
- داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے محفوظ ہے اور اس کے نفاذ اور نگرانی کا کام مؤثر طریقے سے کیا گیا ہے۔
- مضاربہ کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا کوئی شبہ نہیں ہے۔
- گزشتہ چھ سال کی بنیادی آپریشننگ اور مالیاتی معلومات اختصار کے ساتھ منسلک کی گئی ہیں۔
- آپ کی کمپنی کے ذمے 30 جون 2018 پر ٹیکس، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی واجبات نہیں ہیں سوائے ان کے جو اس سالانہ رپورٹ میں درج ہیں۔
- سال کے دوران میں ڈائریکٹرز، ای او، ایف او، کمپنی سیکرٹری ان کے شریک حیات یا نابالغ بچوں نے مضاربہ سرٹیفکیٹ کی تجارت کی ہے جو کہ سالانہ رپورٹ میں شامل ہے۔
- فنڈ کے آڈٹ شدہ مالیاتی گوشواروں پر مبنی ایمپلائز پرائیویٹ فنڈ میں سرمایہ کاری کی قدر بمطابق 31 دسمبر 2017: -/68,434,412 روپے (2016: -/63,040,026 روپے ہے)۔
- سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ کی ہولڈنگ کا طرز اس سالانہ رپورٹ میں شامل ہے۔
- بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ایک ہیومن ریسورس کمپنی تشکیل دی ہے۔ کمپنی بورڈ کو درج ذیل امور کے لئے اپنی سفارشات پیش کرتی ہے۔

i- کمپنی کا ایک مضبوط انتظامی منصوبہ تیار کیا جائے

ii- ملازمین کے ارتقائی عمل کا مؤثر پروگرام بنایا جائے۔

iii- معاوضے اور فوائد کے مضبوط منصوبہ جات، پالیسیاں اور طرز عمل تشکیل دیئے جائیں جو اعلیٰ صلاحیت کے عملے کے لئے پُرکشش ہوں اور ان کو روکے رکھیں تاکہ وہ کاروبار کا مؤثر انتظام کریں اور اس کے ساتھ مقررہ اہداف حاصل ہوں

درج ذیل ڈائریکٹرز، انفرادی قوت کمیٹی کے ممبران ہیں:

جناب عبدالرحیم سوریہ چیئرمین

جناب خواجہ آصف رحمن

سید فیصل علی

جناب مرتضیٰ احمد علی

انفرادی قوت کمیٹی نے سال میں ایک مرتبہ 100 فیصد شراکت داروں سے ملاقات کی۔

- بورڈ نے کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق عمل درآمد کرتے ہوئے آڈٹ کمیٹی تشکیل دی۔ کمیٹی تین ممبران پر مشتمل ہے۔ آڈٹ کمیٹی کے سربراہ ایک آزاد ڈائریکٹر ہیں۔ کمیٹی نے انٹرنل آڈٹ کمیٹی کی جاری کردہ رپورٹوں کا جائزہ بھی لیا۔ آڈٹ کمیٹی ایکسٹرنل آڈیٹرز کے تقرر کے لئے بورڈ آف ڈائریکٹرز کی سفارشات کی بھی ذمہ دار ہے۔

- سال کے دوران چار مرتبہ بورڈ آڈٹ کمیٹی کے اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب عبدالرحیم سوریہ	4
سید فیصل علی	4
جناب علی اکبر	4

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز KPMG & Co. چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز سال کے اختتام 30 جون 2019 تک دوبارہ تقرر کیا، مضاربہ کمپنیوں اور مضاربہ کے رجسٹرار کی منظوری کے مطابق اجرت باہمی رضامندی سے طے کی گئی۔

شرعیہ آڈٹ رپورٹ

مضاربہ اپنے شرعیہ آڈٹ ایڈوائزر مفتی ارشاد احمد اعجاز سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے تاکہ رجسٹر ارمضاربہ کی مشاورت سے تشکیل کردہ شرعیہ آڈٹ طریقہ کار پر عمل درآمد کو یقینی بنایا جاسکے۔ شرعیہ پالیسیز اور ضوابط پر مکمل عمل درآمد کو یقینی بنانے کیلئے اندرونی آڈٹ ڈپارٹمنٹ کو بھی مضاربہ کے روزمرہ کے امور کی دیکھ بھال کیلئے تربیت دی گئی ہے۔ مضاربہ کے امور پر جاری کردہ شرعیہ آڈٹ رپورٹ برائے سال 30 جون 2018، سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے۔

سے زیادہ تعداد میں طلبہ نے شرکت کی۔ اس سے مضاربہ کی نوجوان طلبہ کو پروفیشنل ماحول میں سیکھنے کا موقع دینے کی خواہش کا اظہار ہوتا ہے۔

ڈائریکٹرز

بورڈ آف ڈائریکٹرز کا ڈھانچہ

بورڈ آف ڈائریکٹرز قابل تجربہ کار اور مختلف شعبہ جات کے ماہرین پر مشتمل ہے جو قائدانہ صلاحیت اور مضاربہ اور اسکے تخلیقیت ہولڈرز کے بہترین مفاد میں کام کا ڈٹن رکھتے ہیں۔ بورڈ آف ڈائریکٹرز کا کارپوریٹ پالیسی کی فیصلہ سازی میں اور سینئر ایگزیکٹوز کے ساتھ مل کر مضاربہ کے قلیل مدتی اور طویل مدتی آپریشنز کیلئے منصوبہ بندی میں اہم کردار ہے۔

اس وقت بورڈ آف ڈائریکٹرز 17 افراد پر مشتمل ہے، جس کی تفصیل درج ذیل ہے:

- پانچ نان ایگزیکٹو ڈائریکٹرز لائیو ایڈ گروپ آف کمپنی کی نمائندگی کر رہے ہیں، زیادہ تعداد اسٹیک ہولڈرز کی ہے۔
- ایک ایگزیکٹو ڈائریکٹر بطور چیف ایگزیکٹو آفیسر مینجمنٹ کمپنی مضاربہ کے انتظامی امور کے معاملات کی دیکھ بھال پر مامور ہیں اور
- ایک آزاد ڈائریکٹر جناب عبدالرحیم سوریہ کارپوریٹ گورننس کے کوڈ کے مطابق بوقت ضرورت۔

کاروباری عمل کے نتائج اور کارکردگی کے جائزے کیلئے بورڈ آف ڈائریکٹرز اور انتظامیہ کے اجلاس باقاعدگی سے منعقد ہوتے ہیں جن میں مضاربہ کی کاروباری سرگرمیوں سے متعلق فیصلے کئے جاتے ہیں۔ تمام ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس؛ سی جی سی کے تحت لازمی تخلیقیت کا طریقہ کار مکمل کر لیا ہے۔ کاروباری رجحانات کا جائزہ لینے اور مضاربہ کے آپریشنل منصوبوں کا جائزہ لینے کیلئے بھی اجلاس منعقد ہوتے ہیں۔ ان میں مختلف منصوبہ بندی کے مناظر کی توضیح کی جاتی ہے اور مضاربہ کے سالانہ بزنس پلان کی تفصیلات بتائی جاتی ہیں۔

جناب عبدالرحیم سوریہ کو بطور خود مختار ڈائریکٹر مقرر کیا گیا ہے جو ایک منجھے ہوئے پروفیشنل ہیں اور کاروبار کا آزادانہ جائزہ پیش کرتے ہیں اور اپنی مہارت اور معلومات پر مبنی طریقہ کار خصوصی طور پر گورننس پالیسیز اور مستحکم معیارات کے لحاظ سے کنٹرول کرتے ہیں۔

سال کے دوران میں بورڈ کے چار اجلاس منعقد ہوئے۔ بورڈ کے اجلاسوں میں حاضری کے اخراجات مضاربہ مینجمنٹ کمپنی نے ادا کئے۔ ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

اجلاسوں میں حاضری

ڈائریکٹروں کے نام

4	جناب خولید آصف رحمن
4	جناب مرتضیٰ احمد علی
4	سید فیصل علی
4	جناب علی اکبر
2	جناب رئیس اے خان
4	جناب عبدالرحیم سوریہ
4	جناب حسن شہزاد عابدی

جو ڈائریکٹرز صاحبان مندرجہ بالا اجلاسوں میں شرکت نہیں کر سکے ان کی چھٹی کی درخواست منظور کی گئی۔

ڈائریکٹرز کے لئے ارتقائی عمل

انتظامیہ کی پالیسی ہے کہ وہ ڈائریکٹرز، ایگزیکٹوز اور کارپوریٹ گورننس سے متعلق عملہ کی سیمینارز اور کورسز میں شرکت کی حوصلہ افزائی کریں جس کے باعث وہ اپنی کارکردگی کو نکھار سکیں۔ موجودہ ڈائریکٹرز CCG کی ہدایات کے مطابق مطلوبہ اہلیت کے حامل ہیں۔ نئے مقرر کئے جانے والے ڈائریکٹرز کو تربیت کے عمل سے گزارا جاتا ہے جس میں ان کے کردار، فرائض اور ذمے داریوں کے بارے میں آگاہ کیا جاتا ہے اور اس کے علاوہ مضاربہ کے بارے میں معلومات فراہم کی جاتی ہیں۔ نیز ان کی قانونی ذمہ داریوں اور ایکسٹراکٹ کیلئے ڈائریکٹر ہونے کی حیثیت سے اور ان پر لاگو ضوابط کی وضاحت کی جاتی ہے۔

ان کو SECP کے متعین کردہ منظوری کے طریقہ کار سے بھی گزارنا پڑتا ہے جس میں رجسٹرڈ مضاربہ ان کا انٹرویو کرتے ہیں اور ان کے علم خصوصاً اسلامک فنانس اور شریعہ پر مبنی معیارات کے بارے میں پوچھا جاتا ہے۔

کارپوریٹ گورننس پر عمل درآمد

بورڈ آف ڈائریکٹرز کمپنی کے تمام نمایاں اور اہم معاملات کا جائزہ لیتا ہے۔ ان میں کمپنی کی حکمت عملی کا رخ، سالانہ کاروباری منصوبے اور اہداف، متعلقہ پارٹیوں سے لین دین اور طویل مدت کی سرمایہ کاری اور قرضوں کا حصول شامل ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار پر قرار رکھنے پر کاربند ہے۔

اجتماعی سماجی ذمہ داری

مضاربہ اجتماعی سماجی ذمہ داری کو کاروبار کا حصہ سمجھتا ہے کیونکہ اس سے کمیونٹی کیلئے معاشی سماجی اور ماحولیاتی بہتری پیدا کر کے ایک پائیدار ترقی کی راہ ہموار ہوتی ہے۔ ایک اچھے کارپوریٹ شہری ہونا مضاربہ کی بنیادی اقدار میں شامل ہے۔ مضاربہ اور اس گورننس کیلئے پر عزم ایک اجتماعی شہری ہونے کی ذمہ داری کو اچھی طرح جانتے ہیں اور وہ اس سلسلے میں بہت زیادہ فعال ہیں۔ مضاربہ اپنے تمام کاروباری امور کی انجام دہی میں صحت، تحفظ ماحولیات کے اچھے اصولوں پر عمل پیرا ہوتا ہے۔ اس کے علاوہ ہم سماجی بہتری کے مقاصد میں تعاون پیش کرتے ہیں اور آپ کی کمپنی پاکستان میں مختلف کمیونٹیز کو تعاون کی خدمات پیش کرتی رہتی ہے۔

اس سلسلے میں ہماری دلچسپی کے شعبہ جات میں سوسائٹی میں ماحول کا تحفظ، تعلیم، صحت ا سماجی ترقی اور اس کے علاوہ دیگر شعبے بھی شامل ہیں۔ اس کیلئے کمپنی درج ذیل بنیادی اقدامات کیلئے تعاون پیش کرتی ہے۔

اسکا لرشپس

ہم اپنے ملازمین کی صلاحیتوں کے اعتراف میں ان میں پیشہ ورانہ اہلیت اجاگر کرنے کیلئے میرٹ کی بنیاد پر اسکا لرشپس پیش کرتے ہیں جو مالی تعاون کی صورت میں ان کے تعلیمی معیار کو بہتر بنانے کیلئے فراہم کیا جاتا ہے۔

کھیلوں کی سرگرمیاں

"صحت آپ کے اندر یہ احساس پیدا کرتی ہے کہ یہ سال آپ کیلئے بہترین ہے" الائیڈ مضاربہ میں ہم جسمانی سرگرمیوں کو ذہنی صحت کا ذریعہ سمجھتے ہیں جس کیلئے ہم کھیلوں کے فروغ کو اپنی سی ایس آر سرگرمیوں میں باقاعدگی سے شامل رکھتے ہیں۔ کھیلوں کی سرگرمیوں کے فروغ کیلئے ہمارا ان ہاؤس اسپورٹس کمپلیکس اور جمنازیم موجود ہے جہاں ملازمین کو کھیلو اور صحت کی سرگرمیوں میں روزمرہ کی بنیاد پر شرکت کرنے کی حوصلہ افزائی کی جاتی ہے۔

ملازمین کا صحت کیپ

الائیڈ رینٹل مضاربہ نے معروف لیبارٹریز کے تعاون سے ایک صحت کیپ کا انتظام کیا جہاں کراچی اور لاہور کے ذیلی دفاتر کے ملازمین کو ڈاکٹر کی جانب سے مفت مشورے دیئے گئے اور ٹیسٹ کی سہولت فراہم کی گئی۔ اس مہم سے صحت مند زندگی کی آگاہی دینے میں مدد ملی۔

باصلاحیت نوجوانوں کیلئے مواقع

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے، مضاربہ مختلف تعلیمی اداروں کے طلبہ کو منجمنٹ

طریقہ کار کے بارے میں آڈٹ کمیٹی کو یقین دہانی کراتا ہے۔ اس میں محتاط، تخلیقی تحقیق اور آڈٹ پر زور دیا جاتا ہے جو اچھی کارپوریٹ گورننس کے بین الاقوامی معیارات کے مطابق ہوں۔ بورڈ آف آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹرز سے اندرونی کنٹرول کے بارے میں رپورٹس وصول کرتا ہے اور کنٹرول کے مؤثر ہونے کی نگرانی کے لئے طریقہ کار کا جائزہ لیتا ہے۔ آڈٹ ڈپارٹمنٹ شریعہ ایڈوائزر سے بھی قریبی رابطے میں رہتا ہے اور تمام کاروباری سرگرمیوں پر عمل درآمد کے لئے رہنمائی حاصل کرتا ہے۔

وسل بلور (Whistle Blower) کا نظام

بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق Whistle Blower کا نظام تشکیل دیا ہے۔ کئی مواقع ایسے ہوتے ہیں جب لوگ اپنی شکایات براہ راست اپنے منیجر کو پیش کرنے میں جھجک محسوس کرتے ہیں۔ لہذا ہم نے پورے مضاربہ میں Whistle Blower کا ایک خفیہ نظام فراہم کرنے کا منصوبہ بنایا ہے جسے ہر ملازم استعمال کر سکے گا۔ اس پالیسی کا مقصد مسائل پر کھلی گفتگو کی حوصلہ افزائی کرنا ہے۔

مضاربہ کے ضابطہ اخلاق پر عمل درآمد کے سلسلے میں نیک نیتی سے اطلاع دینے کے نتیجے کے طور پر کسی کو بھی نقصان کا خدشہ نہیں ہوگا۔ اس پالیسی کے تحت تمام اطلاع دینے والوں کو خفیہ رکھا جائے گا اور ان کی شناخت بھی خفیہ رہے گی سوائے اس کے جب کسی تحقیق میں رکاوٹ یا پیش رفت کے لئے ضروری نہ ہو۔ تاہم تحقیقاتی طریقہ کار میں معلومات کے ذریعہ کو ظاہر کرنے اور مطلع کرنے والے فرد کو گواہی کے لئے بیان دینے کی ضرورت پیش آسکتی ہے۔ اگر کوئی ملازم کسی بات کی اطلاع دینا چاہتا ہے تو اسے سب سے پہلے اپنے شعبہ کے سربراہ کے سامنے مسئلہ پیش کرنا چاہئے (اگر اسی شخص کے بارے میں شکایت نہ ہو) اور ایسی صورت میں آڈٹ کمیٹی کو ریکارڈز رکھنے اور نگرانی کے لئے درج ذیل طریقہ کے مطابق تحریری اطلاع دینی چاہئے۔

- مسئلہ کا عام اور تاریخی پس منظر اور (مع متعلقہ توارخ)
- وجہ کہ اس مسئلہ سے ان کی کیا تعلق ہے۔

شکایت کے متبادل طریقے

آزاد ہاٹ لائن:

ایک بیرونی انجینیئر ہاٹ لائن آپریٹ کر رہی ہے، جس کے ذریعے ملازمین کو یہ موقع حاصل ہے کہ مالیاتی رپورٹنگ یا دوسرے معاملات میں ممکنہ غیر قانونی عمل کے بارے میں اطلاع دے سکیں۔ یہ ہاٹ لائن ہر ایک کے لئے دستیاب ہے اور اگر وہ چاہیں تو ان کی شناخت کو خفیہ رکھا جائے گا۔



شعبہ میں کام کرتے رہیں گے اور ان کی رینٹل پروڈکٹس کی ضروریات پوری کرنے میں مصروف عمل رہیں گے۔ ہمیں جہاں بھی موقع نظر آئے گا ہم اسے ضائع نہیں ہونے دیں گے اور ہر طرح کے رینٹل پروڈکٹس میں نئی سرمایہ کاری کرتے رہیں گے۔ ہم اسلامک اجارہ رینٹل پروڈکٹس بھی پیش کر رہے ہیں اور اپنے صارفین کی ضروریات پوری کرنے کے لئے دن رات سرگرم عمل ہیں۔

ریگولیٹرز اور شوقیت ہولڈرز کیلئے ہمارا عہد

ایک ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے ہم اپنے کاروبار کو شفاف طریقے سے جاری رکھیں گے اور ریگولیٹرز کے ساتھ قریبی رابطے کے ذریعہ اپنے تمام کاروباروں میں مضابطوں کے ساتھ ساتھ مکمل شریعہ کے طریقہ کار پر عمل درآمد کو یقینی بنائیں گے۔ ہم اپنے شوقیت ہولڈرز کے ساتھ کئے گئے وعدوں کو نبھانے کے لئے:

۱۔ اپنے کاروبار کے تمام شعبہ جات میں اسلامی شریعہ کے اصولوں پر کاربند رہیں گے۔

۲۔ ان کی سرمایہ کاری پر نقد ڈیویڈنڈ اور رائٹس شوقیت کے ذریعے ان کو شفاف آمدنی فراہم کریں گے۔ تاہم بونس پر ٹیکس کا مسئلہ کے سبب بونس کا اجراء نہیں کیا جا رہا۔

۳۔ اپنے رینٹل اثاثہ جات کے پورٹ فولیو کے مختلف شعبہ جات کے لئے مضاربہ کے طویل المدت ترقی اور پائیداری کے منصوبے تیار کریں گے۔ رینٹل کے کاروبار میں سرمایہ اور مورد درودوں ہی نہایت اہم ہیں کیونکہ ہم صرف آلات کی دیکھ بھال ہی نہیں کرتے بلکہ صارفین کی سائنٹ پران کو مسلسل آپریٹ کرنے اور دیکھ بھال کرنے کی خدمات بھی انجام دیتے ہیں۔ اس کی بناء پر ہمیں اپنے اثاثہ جات کا باقاعدہ جائزہ لینے کی ضرورت ہوتی ہے تاکہ ہم اپنے سرمائے کا بھرپور استعمال کر سکیں اور اس کے ساتھ ساتھ آپریٹل کنٹرول کا بھی باقاعدگی سے جائزہ لینے اور اس کو بہتر بنانے پر توجہ رکھنی ہوتی ہے۔ یہ نہ صرف اثاثہ جات کی قدر بھال رکھنے کے لئے بلکہ صارفین کو معیاری خدمات فراہم کرنے کے لئے بھی ضروری ہے۔

گورننس فریم ورک

گورننس فریم ورک کو اس طرح تشکیل دیا گیا ہے کہ مضاربہ کی بنیادی اقدار اور اصولوں کو برقرار رکھتے ہوئے ہر کام میں مہارت کو شامل کر لیا جائے۔ دیانت داری، شفافیت کے اعلیٰ ترین گورننس کے معیار اور اسٹیک ہولڈرز کی قدر کے تحفظ کے جذبہ کے ساتھ مضاربہ نے اپنے گورننس فریم ورک کو صنعت کے بہترین طرز عمل کے مطابق بنادیا ہے۔

بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ اندرونی کنٹرول پر خصوصی توجہ دیتی ہے جس پر عمل کرنا مضاربہ کے ہر درجہ کے ملازم کے لئے لازمی ہے۔

بورڈ آف ڈائریکٹرز ایک کٹے دھن، اخلاقیات، سمجھداری اور جامعیت پر مبنی انتظامیہ فراہم کرنے اور اس کو کامیاب اور موثر بنانے کے لئے بہترین کارپوریٹ گورننس تشکیل اور اس پر عمل درآمد کا ذمہ دار ہے۔ مختصر یہ کہ بہترین کارپوریٹ گورننس کمپنی کی قدر بڑھانے اور اس کی پائیدار ترقی کا اہم ذریعہ ہے۔ کارپوریٹ گورننس کو بہتر سے بہتر بنانے کا عمل جاری ہے اور ہم اس کو بین الاقوامی مروجہ طریقہ کار کے معیار کے ہم پلہ بنانے کا عزم رکھتے ہیں۔

کنٹرول سرگرمیاں

مضاربہ نے کاروباری آپریشنز کی نوعیت کے لحاظ سے کنٹرول کی کئی طرح کی سرگرمیوں کا تعین کیا ہے اور ہر شعبہ کو ذمہ داری سونپ دی گئی ہے کہ وہ اس کی مؤثر طور پر نگرانی کرے۔

جائزہ

ہر سہ ماہی میں کم از کم ایک بار بورڈ کا اجلاس ہوتا ہے جس میں مضاربہ کی مالیاتی کارکردگی، مالیاتی اور آپریشن کے بجٹ اور اندازے، کاروبار میں اضافہ اور اس کی ترقی کے منصوبوں، سرمایہ کاری کے اخراجات کی تہاویز اور کارکردگی کے دوسرے بنیادی اشارات پر غور کیا جاتا ہے۔ تمام مادی اخراجات پر بعد از تکمیل جائزہ لیا جاتا ہے۔

آڈٹ

اندرونی آڈٹ کا سربراہ بورڈ آف آڈٹ کمیٹی کو رپورٹ پیش کرتا ہے۔ اندرونی آڈٹ کے کاموں میں مالیاتی، آپریٹل اور عمل درآمد پر کنٹرول اور رپورٹ کے نتائج بورڈ آف آڈٹ کمیٹی، چیف ایگزیکٹو اور متعلقہ شعبوں کے سربراہوں کو بھیجتا ہے۔ اندرونی آڈٹ کا دفتر اظہار کی درستگی، معلومات کی شفافیت، اندرونی کنٹرول اور رسک مینجمنٹ کے مناسب مروجہ

اپنے رینٹل کی آمدنی کے ذرائع کو پاور رینٹل کے کاروبار سے معیشت کے دیگر منافع بخش شعبہ جات تک تنوع دینے کے اہل ہیں۔ اور مشینوں کرینوں اور ٹرکس کے مختلف شعبوں میں سرمایہ کاری کے ذریعہ آمدنی کے مختلف النوع ذرائع اختیار کر رہے ہیں۔

منجمنٹ خارجی قرضہ جات کو مد نظر رکھتے ہوئے ایک محتاط رویے کے ساتھ مسلسل اپنی رینٹل فلیٹ بڑھانے کی کوشش کر رہی ہے۔ اور مسلسل نمایاں کارکردگی کرنے والی FMCG اور آئل فیلڈز کمپنی کے ساتھ ٹرانسپورٹ زونز میں معاہدے کر رہی ہے اور اپنے اثاثوں کو منافع بخش شعبوں میں تعینات کرنے کی کوشش کر رہی ہے۔

اس کے باوجود کہ ہمارے ملک کو کئی طرح کے چیلنجز کا سامنا ہے پھر بھی ہم سمجھتے ہیں کہ قراقرم کے پہاڑی سلسلے سے بلوچستان کے پہاڑی علاقوں تک ہمارا ملک قدرتی نعمتوں سے مالا مال ہے۔ ہمارے ملک میں بھرپور قدرتی وسائل موجود ہیں اور وسیع زریعی زمین کے مالک ہونے کی بناء پر ہم کپاس، چاول، گندم، مکئی، آلو، پھل اور سبزیاں اگانے کے قابل ہیں۔ سی پیک ملکی معیشت میں بڑی تبدیلی لانے کا منصوبہ ہے اور اس کے مطابق یہ ہمیں بھی کاروبار کے نمایاں مواقع پیش کرتا ہے اور ہم اس موقع سے فائدہ اٹھانے کے لئے پوری طرح تیار ہیں۔ 200 ملین کی آبادی کے ساتھ ہمارا ملک ہر طرح کی سرمایہ کاری کے لئے ایک بڑی مارکیٹ ہے، چاہے وہ توانائی پیدا کرنے کی بڑھتی ہوئی مانگ میں صنعتی سرمایہ کاری ہو یا مشہور FMCG برانڈز کے ساتھ پائرنشپ سے لاجسٹک کے شعبہ میں سرمایہ کاری کرنا ہو یا سی پیک کے فرنٹ پر کارگو کی نقل و حمل کا معاملہ ہو۔

منجمنٹ CPEC کے نتیجے میں پیدا ہونے والے مواقعوں سے بہت پر امید ہے اور محتاط انداز میں ضرورت کے تحت اپنے جزیئرز کے شعبہ میں بھی انوسٹمنٹ کریں گے۔ مضاربہ کی



مسلسل کوشش ہوتی ہے کہ وہ اپنے گاہکوں کو اطمینان بخش سروس مہیا کریں اور ساتھ ساتھ اس بات کو یقینی بنائیں کہ ان کی تمام کاروباری سرگرمیاں شریعہ کے اصولوں کے عین مطابق ہوں۔

ہمیں اپنے ملک اور صارفین کے ساتھ اپنے عہد کا پورا احساس ہے اور ہم معیشت کے ہر

• سخت مالیاتی کنٹرول کے ساتھ کیئر فلر فائینانسٹریٹریٹل پر عمل درآمد کا ڈکریٹیشن اور عمل درآمد کے لئے دیگر قانونی فارمز۔

• پروڈکٹ اور خدمات کی معلومات مثلاً سپلائرز، کسٹمرز کے آرڈرز اور پروڈکٹ کی تفصیلات صرف ایک ڈیٹا کے ذریعے حاصل ہوتی ہیں۔ پروڈکٹ کے ترقیاتی عمل میں تیزی اور ان کے تعارف کو بار بار پیش کرنا، جس سے کمپنی کے مجموعی مارکیٹ شیئر میں اضافہ ہوتا ہے۔

• اہم مجموعی معلومات تک رسائی میں اضافے سے کاروبار کا مجموعی سطح پر واضح منظر نامہ سامنے آتا ہے جس سے حکمت عملی میں مسلسل بہتری اور کارکردگی کے عام بیانیے اور کاروبار کی صورتحال کا اندازہ کیا جاسکتا ہے۔

• منصوبوں کی موثر طور پر تنظیم اور ترقیاتی عمل سے لے کر آپریشن کے تمام مراحل تک ہر اہم سطح پر مکمل فیصلہ سازی کرنا آسان۔

• ذرائع اور خریداری کے مرتب طریقہ کار سے پروڈکٹ کے صارفین کی طلب سے ہم آہنگ ہونے میں مدد ملتی ہے اور ایک خریداری کا مرکزی ماڈل نا جائز اور غیر ضروری اخراجات کو کم کرتا ہے۔

• سیلز اور آپریشنز کی منصوبہ بندی کے ساتھ اہم معلومات تک رسائی فراہم کرنے سے "Closed loop" کے طریقہ کار کو فروغ حاصل ہوتا ہے جو اس بات کو یقینی بناتا ہے کہ کاروبار میں نتواصل سے زیادہ کا وعدہ کیا گیا ہے اور نہ ہی صارفین کو اصل سے کم فراہم کیا جا رہا ہے۔ خود کار کردہ باری نظام، جیسے ایک نظام کے تحت انوائس جمع کرنا اور خرید و فروخت کے آرڈر دینا، پیکنگی اندازوں کے درست ہونے میں بہتری اور ناقص کارکردگی میں کمی آتی ہے۔ اسی طرح بنگ اور صارفین سے دیگر باہمی رابطوں کی معلومات، صرف ایک عمل سے حاصل ہونے سے خدمات کا معیار بہتر ہوتا ہے اور صارفین کی وابستگی برقرار رہتی ہے۔

اس سال کے دوران میں آئی ٹی پروجیکٹ میں 30 جون 2018 تک کی گئی مجموعی سرمایہ کاری کے لئے اکاؤنٹس میں حاصل کردہ 1.9 ملین روپے کا چارج کیا گیا۔

مستقبل کے امکانات

کیئر فلر برانڈ کے نام کی قوت اور نئی ٹیکنالوجیز، نئی پروڈکٹس، نئی مارکیٹس اور نئے شعبہ میں ہماری مسلسل سرمایہ کاری کی حکمت عملی نے ہمیں نئی مارکیٹس اور مواقع سے بھرپور فائدہ حاصل کرنے کے قابل کیا ہے۔ جو رینٹل سلوشن کے سامان کے ساتھ ساتھ سی پیک کے فرنٹ پر بڑھتی ہوئی طلب کے باعث ہم 19-2018 اور اس سے آگے کے منصوبوں کے حصول کے لئے ہم پر اعتماد ہیں۔ اپنے کاروباری آپریشنز میں دانشمندانہ پالیسیز اور شعبہ جات کے باعث ہمیں بھروسہ ہے کہ ہم اس سال کے لئے مقرر کردہ اہداف حاصل کر لیں گے۔ ہم

میں اپنے لاجسٹکس کے کاروبار کی تصدیق کروانا رہتا ہے۔ ہم اس شعبہ میں معروف FMCG برانڈز کے ساتھ بڑے پیمانے پر ترقی کی امید رکھتے ہیں، کیونکہ ہم نے ان کو پاور رینٹل اور لاجسٹکس رینٹل دونوں کی خدمات پیش کر کے ان سے اچھے تعلقات قائم کر لئے ہیں۔ سی پیک کوریڈور کے تحت چین کو اسے سامان کی نقل و حمل شروع ہونے سے ایک اور بڑا موقع حاصل ہوا ہے اور ہمارا کاروبار کا شعبہ اس سے پوری طرح آگاہ ہے۔ اس سلسلے میں کئی مشکلات اور کٹھن مرحلوں سے نکل کر اب ہم اس شعبہ کے بارے میں بہتر معلومات کے حصول سے نفع بخش ترقی کی راہ دیکھتے ہیں۔

حصص:

بورڈ 10 فیصد نقد حصص کا پرست اعلان کرتا ہے جو کہ ایک روپیہ فی حصہ ہر 10 روپے کے ٹھٹھٹھ پر ہے۔ اس کے ساتھ بورڈ 10 فیصد کے حساب سے بونس جاری کرنے کا بھی پرست اعلان کرتا ہے جو کہ (10 ٹھٹھٹھ رکھنے والوں کے لئے) فی ٹھٹھٹھ ہے۔

کریڈٹ رینٹنگ:

مضاربہ کی انتظامیہ پرست مطلع کرتی ہے کہ JCR-VIS کریڈٹ رینٹنگ کمپنی لمیٹڈ نے الائیڈ رینٹل مضاربہ (ARM) کو طویل المدت کے لئے "A+ (Single A)" اور قلیل المدت کے لئے "A-1 (Single A One)" کی کیٹگری میں برقرار رکھا۔ یہ دوبارہ اس بات کی عکاسی ہے کہ رینٹنگ ایجنسی کو مضاربہ کی کارکردگی اور اپنی مالیاتی ذمہ داریاں پوری کرنے کی صلاحیت پر اعتماد ہے۔

آئی ٹی انفراسٹرکچر

مضاربہ نے اپنے کثیر الجہتی رینٹل کاروبار کے پورٹ فولیو میں ترقی کے تسلسل اور اخراجات کی بنیاد 10 بلین روپے سے زیادہ تک پہنچنے کو مد نظر رکھتے ہوئے انتظامیہ نے 2016 میں اپنے آئی ٹی انفراسٹرکچر میں سرمایہ کاری کا فیصلہ کیا اور اپنے رینٹل کاروبار کی ضروریات کے تحت ERP حل کیلئے مائکروسافٹ AX ڈائنامکس مع انگریڈ ایڈ آن جرن میں کمپیوٹر سافٹ ویئر SYCOR کا انتخاب کیا ہے۔ اور جنرل لجز اور فنانسل موڈیول پر عمل درآمد شروع ہو گیا ہے۔

ERP پر عمل درآمد سے مضاربہ کو درج ذیل فوائد حاصل ہوں گے:

• پوائنٹ سلوشن کے برخلاف (جو ماضی میں چھوٹے اور درمیانے درجے کے کاروبار میں استعمال ہوتا تھا) اور متعدد (بعض اوقات ڈپلیکیٹ) پر انحصار کرنا پڑتا جس سے آئی ٹی کے ذرائع پر دباؤ پڑتا ہے، ERP سلوشن پورے کاروبار کو چلانے کیلئے صرف ایک ڈپلیکیشن کے استعمال کا معیاری حل پیش کرتا ہے۔ اس سے نہ صرف استعداد بڑھتی ہے بلکہ ملکیت کی مجموعی قیمت (TCO) بھی کم پڑتی ہے، جس کا مطلب ہے آپریشن کے اخراجات کم اور مضاربہ کا منافع زیادہ۔

پاور کا حصہ 50% ہے۔ کاروبار اب اپنے پورے عروج پر ہے اور ہم نہیں سمجھتے کہ آنے والے سالوں میں ہمیں اپنی فلیٹ میں کسی اضافہ کی ضرورت پڑے گی۔ مضاربہ کی فلیٹ نئی ٹیکنالوجی پر مشتمل ہے جو ایندھن کی بچت اور بہتر معیاری ماحولیات پیش کرتا ہے۔ ایندھن کی بچت سے مضاربہ کو مسابقتی برتری حاصل ہے اور اس کے باعث صارفین سے بہتر قیمت وصول ہوتی ہے۔

جیسا کہ گزشتہ سال پیش گوئی کی گئی تھی، اس سال میں سی پیک کے تحت سرمایہ کاری اور منصوبوں کے باعث تعمیراتی آلات کے رینٹل برنس میں نمایاں ترقی ہوئی ہے۔ اس وقت مارکیٹ میں کم قیمت / کم معیار اور آپریٹرز کے غیر منظم شعبہ سے مقابلہ کا چیلنج ہے جس کیلئے مارکیٹ میں نئے، قابل بھروسہ اور ایندھن کی بچت والے یونٹس کیلئے مواقع موجود ہیں۔ گزشتہ سال خصوصی طور پر اسی شعبہ کو مد نظر رکھتے ہوئے ایک منظم ڈھانچہ قائم کیا گیا تھا۔ اس سال کے دوران میں فلیٹ میں 27 نئی مشینیں شامل کی گئیں جن میں کرینز، ایکسکویٹرز، موٹر گریڈرز، کمپیکٹر، لائٹنگ ٹاورز اور دیگر تعمیراتی آلات شامل ہیں۔ یہ Caterpillar اور SANY دونوں کی جانب سے پرکشش قیمت کی وجہ سے ممکن ہوا۔

داخلی لاجسٹکس کے شعبہ میں مضاربہ اپنے صارفین، خاص طور پر یونٹنگ اور پیکیجنگ کے شعبہ کو CAT فورک لفٹس کے ذریعہ مستقل طور پر مستعد اور با کفایت مکمل 360° حل پیش کر رہا ہے۔ انتظامیہ کا خیال ہے کہ لاجسٹکس مضاربہ کیلئے مستقبل میں سرمایہ کاری کا بڑی گنجائش اور ترقی کا شعبہ ہے۔ پاکستان سڑکوں کے ذریعہ نقل و حمل میں ابھی تک بہت پیچھے ہے۔ اس شعبہ میں سرمایہ کاری کے تقریباً نہ ہونے، سڑکوں کی انجینئرنگ کے بغیر اور مجموعی طور پر انفراسٹرکچر کی غیر موجودگی کے باعث بہت سی رکاوٹیں پیش آتی ہیں جس کے نتیجے میں نقل و حمل کے اخراجات بہت زیادہ ہوتے ہیں۔ مضاربہ کئی معروف FMCG اداروں کے ساتھ نقل و حمل کے کنٹریکٹ کیلئے رینٹل معاہدے کر چکا ہے جس سے ہمارے صارفین کے ہم پرومڈے پورے کرنے کی صلاحیت پر مکمل اعتماد ہے۔ HSE کے معیارات پر عمل درآمد کرتے ہوئے مضاربہ مستقل طور پر یورو ریٹاس پاکستان کی جانب سے SMETA کی رہنمادایات کے تحت Responsible Sources Audit پر عمل درآمد کے سلسلے



اسسٹنٹ کمشنر آف ان لینڈ ریونیو کی جانب سے فیڈرل ایکسائز ڈیوٹی (FED) کی مد میں مجموعی رقم 838.6 ملین روپے (مضاربہ کی کل رسیدوں پر بحساب 16% برائے ٹیکس کے سال 2014 اور 2015) مع متعلقہ ڈیٹا سرجارج اور لاگو جرمانہ کے دعوے کے خلاف مضاربہ مقدمہ لڑ رہا ہے۔ اس سلسلے میں مضاربہ نے کمشنر ان لینڈ ریونیو۔ ایبلز (سرکل اے) میں 16 مارچ 2016 کو اپیل دائر کی تھی۔ نیز احتجاج کے طور پر مضاربہ نے درج بالا مد میں FBR کو 50 ملین روپے کی رقم جمع کرائی تھی۔

انتظامیہ کے خیال میں پاکستان کے آئین میں 18 ویں ترمیم کے مطابق سیکڑ ٹیکس جمع کرنے کی ذمہ داری صوبوں کو دے دی گئی ہے۔ اس لحاظ سے مضاربہ نے معزز عدالت عالیہ سندھ (SHC) میں آئینی درخواست جمع کرائی تھی جس کے جواب میں SHC نے مضاربہ کو ایک عبوری حکم نامہ جاری کیا تھا۔ SHC نے 2 جون 2016 کو درخواستوں پر فیصلہ سنایا جس میں HSC نے ARM پر FED کو "قانونی اختیارات سے باہر" (Ultra vires) قرار دیا جو یکم جولائی 2011 سے موثر ہے اور تنبیہ کی FBR کی جانب سے اگر کوئی بھی ڈیوٹی وصول کی گئی ہو تو وہ واپس کر دی جائے۔



اس سلسلے میں حریف پارٹی نے درج بالا عدالتی حکم نامے کے خلاف معزز عدالت عظمیٰ پاکستان میں اپیلیں دائر کیں جن کی سماعت الٹوا میں ہے۔ مضاربہ کو ابھی تک ٹیکس اتھارٹیز سے سیکڑ اور درآمد کی سطح پر ٹیکس کی کٹوتی سے استثنیٰ حاصل کرنے میں دشواریوں اور تاخیر کا سامنا ہے جب کہ حقیقت یہ ہے کہ اگم ٹیکس آرڈیننس 2001 کے سیکنڈ شیڈول کی شق 100 کی رو سے مضاربہ کو ٹیکس سے استثنیٰ حاصل ہے۔ اس کے نتیجے میں صارفین سے غیر ضروری طور پر ٹیکس کی کٹوتی اور نئے آلات کی درآمد پر اگم ٹیکس کی ادائیگی سے فنڈ منجمنٹ میں کیش فلو پر غیر ضروری دباؤ پڑ رہا ہے۔ سال کے دوران میں ہمارے اکاؤنٹس کے اندراج کے مطابق 30 جون 2018 کو ہماری مجموعی قابل وصولی اگم ٹیکس کی رقم گزشتہ سال کے 136 ملین روپے سے بڑھ کر 279 ملین روپے ہو گئی۔ اس کے ساتھ بطور احتجاج 50 ملین روپے کی FED کی ادائیگی کو شامل کریں تو ٹیکس اتھارٹیز سے قابل وصولی کی جانے والی کل رقم 329 ملین روپے بنتی ہے۔

ہمارے کاروبار میں مختلف النوع ہونے کے باعث مضاربہ کی سیکڑ کی کل آمدنی میں ریٹیل

فرسودگی کی سطح 930 ملین روپے ریکارڈ کی گئی جب کہ گزشتہ سال یہ 786 ملین روپے تھی۔ جس کی وجہ نئی سرمایہ کاری اور BOT معاہدوں میں زیادہ فرسودگی تھی۔ اجارہ ریٹیل میں مسلسل کمی کا رجحان پایا جاتا ہے کیونکہ ہمارے بہت سے کنٹریکٹ اب تکمیل کے قریب ہیں اور اس کے مطابق اجارہ ریٹیل کے اخراجات گزشتہ سال کے 86 ملین روپے سے مزید 76 ملین روپے کی کے ساتھ 10 ملین روپے ہو گئے ہمارے اثاثہ جات پر مبنی ٹیکافل / انشورنس چارجز مسلسل اضافے کے ساتھ اس سال 9 ملین روپے تک بڑھ گئے۔

انتظامی امور اور فروخت کے اخراجات 207 ملین روپے ہوئے جب کہ اس کے مقابلے میں گزشتہ سال یہ اخراجات 177 ملین روپے تھے۔ سالانہ انکریمنٹ کی وجہ سے تنخواہوں اور اجروں کی مد میں 13 ملین روپے سے اضافہ ہوا۔ لاجسٹکس کے پورٹ فویو میں کاروبار کے تنوع کے باعث کریں تعمیراتی کاموں کے آلات اور دوسرے کاروباری شعبہ جات کے سلسلے میں مضاربہ میں مستقل اضافہ ہو رہا ہے جس کیلئے انتظامی کنٹرول پر زیادہ توجہ دینے کی ضرورت محسوس کی گئی اور موثر اندرونی کنٹرول اور ریکارڈ سازی کیلئے ماہرین کی خدمات حاصل کی جارہی ہیں۔ موجودہ سال میں قانونی اور پیشہ ورانہ چارجز 16 ملین روپے ہوئے، جو مختلف ریگولیٹری اور مالیاتی فیصوں کی ادائیگی، محصولات اور مختلف مسائل کے سلسلے میں مقدمات کے اخراجات کی مد میں خرچ ہوئے۔

کاروبار کے شعبہ جات کو پروڈکٹ کی بنیاد پر منظم کر دیا گیا ہے کیونکہ ہمیں ہر کاروباری شعبہ کیلئے ماہرین اور پر عزم سیکڑ فورس کی ضرورت ہے۔ اس سال مضاربہ میں بھی نیا آئی ٹی سسٹم "مانگرو سافٹ AX اور Sycor Rental" شامل کر دیا گیا ہے تاکہ کئی طرح کے کاروباری پنشن اور شعبہ جات کی ضرورتوں کو پورا کیا جاسکے۔ لہذا اس سال کے دوران میں ہمارے آئی ٹی ڈیپارٹمنٹ کیلئے ذرائع مہیا کرنے کی ضرورت تھی۔

موجودہ مدت میں فنانس کی لاگت 224 ملین روپے آئی جو کہ گزشتہ سال 166 ملین روپے تھی۔ اس کی وجہ اوسط مارک اپ ریٹ میں 125 بیس پوائنٹ کا اضافہ اور مستقل کپٹل سرمایہ کاری کے باعث قرضہ کی سطح کا بڑھنا تھا۔ اس سال کے دوران میں امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے سبب 18 ملین روپے کا تبادلی نقصان ہوا۔

سیونگ اکاؤنٹ کے منافع اور اسکرپ کی فروخت سے بالترتیب 6.6 ملین اور 17 ملین کی آمدنی ہوئی۔ اس سال مضاربہ کو مجموعی طور پر 18 ملین روپے کا خسارہ برداشت کرنا پڑا جو اس کے اثاثوں، خاص طور پر اس کے HFO پونٹ کے فروخت کے سبب ہوا۔

مضاربہ پر لاگو پروڈیکٹ ریگولیشنز کی مد میں اس سال 94 ملین روپے کا پروویژن ریکارڈ کیا گیا، جب کہ گزشتہ سال 63 ملین روپے کا پروویژن ریکارڈ کیا گیا تھا۔ اس کی وجہ 30 جون کو قابل وصولی رقم کی تعداد بہت زیادہ تھی۔ مشین ریٹیلز میں وصولی کی مدت زیادہ ہوتی ہے اور یہ کنٹریکٹرز کو وفاقی یا صوبائی حکومتوں یا ایسی دیگر کنٹریکٹ سے متعلق اداروں سے فنڈز کی تاخیر سے ریلیز کی بناء پر ہوتا ہے۔ انتظامیہ نے پروڈیکٹ ریگولیشنز کے تحت پروویژن ریکارڈ کیا ہے۔

انجنوں کے باعث رینٹل کے مواقعوں کی امید ہے۔ بڑے ڈیزل انجنوں کا شعبہ گیس کی بہتر دستیابی کے سبب دباؤ کی حالت میں رہا لیکن شکر ہے کہ ہمارے معاہدے طویل المدت ہیں جن کے ذریعہ اس شعبہ میں سیلرز کا سلسلہ جاری رہے گا۔ ہم اپنے کسٹمرز کے دائرے کو مزید وسیع کرنے میں کوشاں ہیں اور اپنے یونٹس کے طویل المدت معاہدوں کیلئے پرامید ہیں۔

اس سال کے دوران میں ہمارے داخلی اور خارجی نقل و حمل (لاجسٹکس) کے شعبہ میں زبردست ترقی جاری رہی اور فروخت کے سلسلے میں 1.4 بلین روپے کی ریکارڈ آمدنی حاصل ہوئی جو ہماری کل سیلرز کے پورٹ فولیو کا 1/3 > ہے۔ داخلی نقل و حمل کے شعبہ میں نئے صارفین اور نئے باکفایت یونٹس اور موجودہ صارفین کیلئے پلانٹ سائٹ پر پلانٹ کی حدود میں نقل و حمل کو سنبھالنے کیلئے فورک لفٹس، ٹریکٹر ٹرالیز اور ریج اسٹیکرز کے تعین کے سبب یکساں رفتار سے ترقی کا عمل جاری رہا۔ یہ کام عام طور پر بلیو چپس کمپنیوں کے ساتھ طویل المدت معاہدے کے تحت پلانٹ اور ویز ہاؤس کی نقل و حمل کیلئے 24/365 دن کی بنیاد پر کیا جاتا ہے۔



ہمارے خارجی نقل و حمل کے شعبہ کی آمدنی 1 بلین روپے سے تجاوز کر گئی جو کہ مضاربہ کی سیل میں ایک بڑا حصہ رکھتا ہے۔ ہمارے صارفین کی بڑی تعداد کا تعلق FMCG کے شعبہ کی بلیو چپس کمپنیز، نیسلے، اینیگر، پیپری ریاض بوتلز اور آئسل اینڈ گیس کمپنی ہلمر جرشال ہیں۔ ہمارے مضبوط سیٹ اپ اور HSE کی رہنمائی کی پابندی کے باعث کاروباری صنعت میں خارجی نقل و حمل کیلئے ہماری کمپنی کو ایک قابل اعتماد وینڈر کی حیثیت حاصل ہے۔ تاہم باصلاحیت اور بھروسہ مند افرادی قوت کی عدم دستیابی کے سبب اس کاروبار میں کئی چیلنجز کا سامنا کرنا پڑتا ہے۔ ہم محسوس کرتے ہیں کہ اب ہم اس کاروبار کے ابتدائی پریشان کن مسائل سے نکل آئے ہیں اور جو ملک میں اس شعبہ کے فروغ کے ساتھ خاص طور پر سی پیک کے تحت اس میں اضافہ کا باعث ہوگا۔

سی پیک کے تحت انفراسٹرکچر کے منصوبے شروع ہونے سے CAT مشینز اور SANY کرینز رینٹل کے شعبہ میں بھی نمایاں ترقی نظر آ رہی ہے ان میں سڑکوں کی تعمیر، کوئلے اور ایل این جی پمپنی پاور پراجیکٹس اور ہائیڈرو پاور پراجیکٹس شامل ہیں۔ اس کے

سبب اس مشینری کی طلب بڑھ گئی ہے اور انتظامیہ مارکیٹ میں ان یونٹس کی طلب کو پورا کرنے کیلئے اچھی استعمال شدہ اور نئی دونوں طرح کی مشینری کی خریداری میں مسلسل سرمایہ کاری کر رہی ہے۔ اس میں ہر قسم کے آلات بشمول ایکسکویٹرز، موٹر گریدرز، کمپیکٹر ز اور کنکریٹ بنانے والے آلات شامل ہے۔ اس کے علاوہ ان یونٹس میں اضافے سے ملک میں ہمارے رینٹل پر مبنی ضرورت کیلئے کنٹریکٹرز کے شعبہ تک رسائی میں نمایاں اضافہ ہوا ہے۔ اس شعبہ میں آمدنی میں 50% > اضافہ دیکھنے میں آیا اور 527 ملین روپے کی سیل ریکارڈ کی گئی جب کہ گزشتہ سال 345 ملین روپے ہوئی تھی۔

اس کاروبار کا ایک اور بڑا چیلنج کنٹریکٹر کے ادائیگی کے توازن کا ہے۔ کنٹریکٹر کی ادائیگی حکومت کی جانب سے بلوں کے وصول ہونے پر مبنی ہے۔ خاص طور پر جب حکومت بدلتی ہے تو ہر قسم کی ادائیگیاں روک دی جاتی ہیں جس کے نتیجے میں قابل وصول رقوم جمع ہوتی جاتی ہیں ہمیں ملک کے موجودہ معاشی منظر کے سبب اس شعبہ میں نئی سرمایہ کاری کیلئے چونکنا رہنا ہوگا اور ہم انتظار کریں گے کہ پی ٹی آئی کی حکومت ترقی کے ایجنڈے کو کس طرح تیار کرتی ہے۔ ہمیں یہ بھی انتظار کرنا ہوگا کہ نئی حکومت سی پیک کے منصوبوں اور بیرونی قرضہ جات اور ان کی ادائیگی کیلئے کیا لائحہ عمل اختیار کرتی ہے۔

سال کے دوران میں کاروباری عمل جاری رکھنے کے اخراجات 21% اضافہ کے ساتھ 2,758 ملین روپے ہو گئے جب کہ گزشتہ سال یہ اخراجات 2,277 ملین روپے تھے۔ اس کے مطابق مجموعی مارجن کی شرح گزشتہ سال کے مقابلے میں 2% سے کم ہو کر موجودہ سال میں 26% کے ساتھ 938 ملین روپے رہی۔ تنخواہوں اور اجرتوں میں 206 ملین روپے کا اضافہ ہوا جو گزشتہ سال کے مقابلے میں 615 ملین روپے سے بڑھ کر موجودہ سال میں 821 ملین روپے ہو گئے۔ اس کی بڑی وجہ ملک میں کم سے کم اجرتوں کی سطح میں ہونے والا اضافہ، افرادی قوت اور سیلرز پر متوقع ٹیکسیشن کے اثرات اور سی پیک کے منصوبوں کے باعث مشینز اور کرینز کے شعبہ کیلئے درکار ہنرمند افرادی قوت کی زیادہ طلب کے سبب اجرتوں میں اضافہ تھی۔ پاکستان میں ہنرمند افرادی قوت کا تعداد بھی بہت کم ہے اور مجموعی طور پر ان کا معیار بھی کمزور ہے۔ اس سے مشینز اور کرینز کے شعبہ کی ترقی کو بڑا چیلنج درپیش ہے جس کیلئے اجرتیں زیادہ ہیں اور مجموعی طور پر افرادی قوت بہت کم دستیاب ہے۔ اس سال کے دوران میں ہم اپنے پروجیکٹ Schlumberger کیلئے Schlumberger کے معیار کے مطابق ڈرائیورز تلاش کرنا ایک بڑا چیلنج تھا۔

مرمت اور دیکھ بھال کے اخراجات کنٹرول میں رہے اور صرف 15 ملین روپے کے معمولی اضافہ کے ساتھ 345 ملین روپے ہوئے جب کہ گزشتہ سال کے اخراجات کی رقم 330 ملین روپے تھی۔ فلیٹ کی گاڑیوں کے چلنے کے اخراجات گزشتہ سال کے 377 ملین روپے سے بڑھ کر 546 ملین روپے ہو گئے۔ اس کی بڑی وجہ لاجسٹکس شعبہ کے رینٹل سیلرز اور فیوئل کی قیمتوں میں اضافہ ہونا تھی۔ فلیٹ کی گاڑیوں کے چلنے کے اخراجات کا بڑا حصہ ڈیزل فیول کا ہے جو کل اخراجات کا 58% ہے۔

ڈائریکٹرز کی رپورٹ

برائے مدت ختمہ 30 جون 2018

الائیڈ انجنیرنگ منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو الائیڈ ریئل مضراب کی منظمہ کمپنی ہے، کے بورڈ آف ڈائریکٹرز اپنے شریکیت ہولڈرز کو بمسرت ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2018 پیش کرتے ہوئے خوش محسوس کرتا ہے۔

000 روپے میں

4,018,614
3,696,144
395,124
44,002
433,758
197,562
200,000
36,196
200,000
10.6%
8.05 %
Rs. 1.89
Rs. 25.86
Rs 17.11

مالیاتی جھلکیاں

سیلز کی کل آمدنی
سیلز کی خالص آمدنی
منافع برائے سال
گزشتہ سے منتقل شدہ غیر مختص منافع
مختص کرنے کیلئے دستیاب رقم
قانونی خزانے میں منتقل شدہ 50% منافع برائے سال
مجوزہ نقد منافع بشرح 10% (ایک روپیہ فی سرشیکلیٹ)
غیر مختص منافع، جو آگے منتقل ہوا
مجوزہ بونس کا اجراء بشرح 10% (1 سرشیکلیٹ برائے ہر 10 سرشیکلیٹ)
خالص منافع کا مارجن
ایکویٹی پر منافع کی شرح
آمدنی فی سرشیکلیٹ
فی سرشیکلیٹ بریک اپ کی قدر
کراچی اسٹاک ایکسچینج کو 30 جون 2018 کو پیش کی گئی فی سرشیکلیٹ قیمت

کاروباری عمل کا جائزہ

انتظامیہ بمسرت اطلاع دیتی ہے کہ سیلز کی مجموعی آمدنی مع پروڈکٹ سروسز سیلز ٹیکس 4 بلین روپے کی حد کو پار کر گئی اور 4,019 ملین روپے حاصل ہوئی جو کہ گزشتہ سال کی آمدنی 3,365 ملین روپے سے 19% زیادہ ہے۔ اس کی بڑی وجہ ہمارے ریئل پورٹ فولیو میں تنوع اور ہمارے تمام پورٹ فولیوز میں سیلز میں بھاری اضافہ ہونا ہے۔ ہم اب اپنے صارفین کو ریئل سلوشن کی کئی اقسام پیش کرتے ہیں۔ جو ریئل پاور منجمنٹ سے لے کر دھلی ویئر ہاؤس کی سہولت اور خارجی لاجسٹکس شامل ہیں۔ مذکورہ مدت میں خالص منافع 395 ملین روپے ریکارڈ کیا گیا جو کہ اس کے مقابلے میں گزشتہ سال کے منافع 458 روپے سے 63 ملین روپے کم ہے۔



ہم نے اپنی مستقل سرمایہ کاری کی حکمت عملی جاری رکھی اور اس لحاظ سے ہماری کیپٹل سرمایہ کاری 1,326 ملین روپے ہوئی جب کہ اس کے مقابلے میں گزشتہ سال 1,524 ملین

روپے ہوئی تھی۔ مجموعی طور پر گزشتہ تین سالوں میں ہماری مشترکہ کیپٹل سرمایہ کاری 4,583 ملین روپے ہوئی۔

مجموعی طور پر پاور ریئل کاروبار نے اپنی آمدنی کے ہدف حاصل کرنے باوجود اس کے کہ ہمارے ڈیزل اور گیس دونوں پمپس کے لئے ٹیکسٹائل کے شعبہ میں طلب میں کمی آئی۔ اس کی وجہ یہ تھی کہ ٹیکسٹائل کی صنعت کو گروڈ کی فراہمی بہتر ہو گئی تھی۔ اس شعبہ میں خالص آمدنی 1,781 ملین روپے رہی جو ڈیزل، گیس اور ایچ ایف ایف او تینوں پمپس کی مشترکہ آمدنی ہے۔ سینٹ اور ہاؤسنگ سوسائٹیز کے شعبہ جات میں ہمارے ڈیزل اور گیس دونوں کے بڑے انجنوں کے شعبہ کی سیل ہوئی۔ ایل این جی کی دستیابی سے ہمارے گیس انجنوں کے استعمال میں بہتری آئی ہے اگرچہ ایل این جی اور مقامی گیس کی قیمتوں کا فرق نارتھ کے ٹیکسٹائل کے شعبہ میں مارکیٹ / برآمدات کے لحاظ سے ایک چیلنج ہے۔ سال کے دوران میں ہمارے 3 درآمد شدہ HFO میں دو تعین کئے گئے اور کامیابی کے ساتھ کمیشن کئے گئے۔ تیسرا HFO یونٹ فیول کی قیمت کی وجہ سے تعین نہیں کیا گیا بلکہ اس کے یونٹ کا CAT ڈیزل پمپس کے ساتھ مبادلہ (بارٹر) کر لیا گیا۔ ہمارے تمام طویل المدت معاہدے صارفین کی جانب سے تسلی بخش ادائیگیاں موصول ہونے کے ساتھ جاری ہیں۔

اگرچہ ایل این جی کے ساتھ ساتھ مقامی گیس کی قیمتیں مارکیٹ میں، خاص طور پر ٹیکسٹائل میں مسابقت کیلئے بڑا چیلنج ہیں، لیکن ہمیں اپنے بہتر اور گیس کے استعمال میں باکفایت



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- Investment option
- Paid-up policy
- Financial statement
- Company's financial soundness (Investment, liquidity and solvency ratio)
- Investment recommendation for clients' choice
- Online delivery



Investment in PAIF Approved

PAIF Approved Investment in PAIF Approved

Proxy Form

Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

I / We _____
of _____
being a member of Allied Rental Modaraba and holder of _____ Certificates as per Certificate
Register Folio No. _____ and / or CDC Participant ID No. _____ and Sub Account No. _____
hereby appoint _____
of _____ or failing him / her of _____

As my proxy to represent me and on my behalf at the 12th Annual Review Meeting of the Modaraba to be held on
26th day of October 2018 and at any adjournment there of.

Signed this _____ day of _____ 2018

WITNESSES:

1 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

2 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

Signature

Revenue
Stamp
Rs. 5 /-

(Signature should agree with specimen
signature registered with the Modaraba)

Note: Proxies in order to be effective must be received by the Modaraba not less than 48 hours before the meeting.
A proxy must be a certificate holder of the Modaraba. CDC Certificate holders and their proxies are each requested
to submit attested photocopy of their Computerized National Identity Card or Passport with this proxy form.

تشکیل نیابت داری

میں / ہم _____

ساکن _____ بحیثیت الائیڈ رینٹل مضاربہ _____ کے

رکن و حامل _____ سرٹیفکیٹ بمطابق سرٹیفکیٹ رجسٹرڈ فولیو نمبر _____

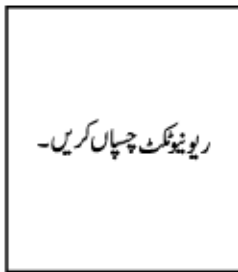
اور / ایسی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ڈیلی کھاتہ نمبر _____

محترم / محترمہ _____ ساکن _____

یا بصورت دیگر محترم / محترمہ _____ ساکن _____

کو اپنی جگہ مورخہ 26 اکتوبر، 2018 کو منعقد یا ملتوی ہونے والے باروں سالانہ نظر ثانی اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:



(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

دستخط

1 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

2 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

نوٹ: پراسیزر کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل مضاربہ کو موصول ہو جائے۔

سی ڈی سی شیئر سرٹیفکیٹ ہولڈرز اور ان کے پراسیزر سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی مضاربہ کو پیش کرنے سے قبل اس پر کسی کے ساتھ منسلک کریں۔



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