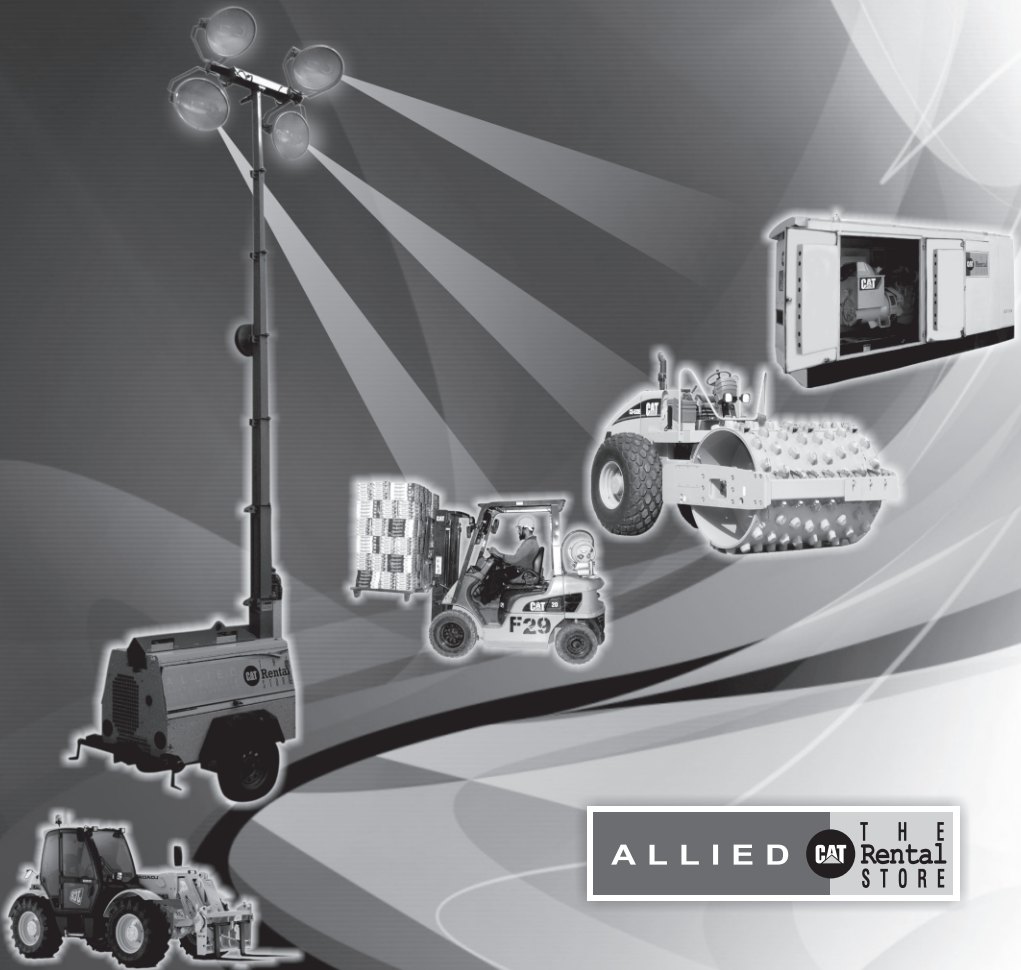
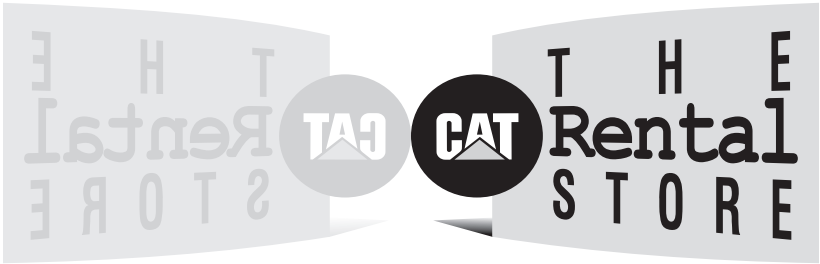


Allied Rental Modaraba  
**QUARTERLY REPORT**  
September 30, 2011



ALLIED **CAT** THE Rental STORE



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## Modaraba Information

### Modaraba Information

<b>Directors of Modaraba</b>	<p>Mr. Khwaja Asif Rahman Chairman</p> <p>Mr. Murtaza Ahmed Ali Chief Executive</p> <p>Mr. Syed Feisal Ali Director</p> <p>Mr. Raees A. Khan Director</p> <p>Mr. Ali Akber Director</p> <p>Mr. Tajdar A. Shah Director</p> <p>Mr. Hassan Shehzad Abidi Director</p>
<b>Chief Financial Officer</b>	Mr. Naveed Shaheen
<b>Company Secretary</b>	Mr. Salman Sabir
<b>Audit Committee</b>	<p>Mr. Syed Feisal Ali (Chairman)</p> <p>Mr. Murtaza Ahmed Ali (Member)</p> <p>Mr. Ali Akber (Member)</p> <p>Mr. Ilyas Asif ( Internal Auditor &amp; Secretary)</p>
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Bankers &amp; Lending Institutions</b>	<p>Soneri Bank Ltd.</p> <p>Bank Islami Pakistan Ltd.</p> <p>National Bank of Pakistan Ltd.</p> <p>Habib Bank Ltd.</p> <p>Faysal Bank Ltd.</p> <p>Pak Kuwait Investment Co. Ltd.</p> <p>Standard Chartered Modaraba</p> <p>First Habib Modaraba</p>
<b>Shari 'ah Advisor</b>	Mufti Irshad Ahmad Aijaz
<b>Legal Advisor</b>	Mr. Khalil Ahmed Siddiqui, Advocate
<b>Registered &amp; Head office</b>	21/3 Sector 22, Korangi Industrial Area, Karachi -74900
<b>Registrar</b>	<p>Gangjees Registrar Services (Pvt.) Ltd.</p> <p>516, Clifton Centre, Khayaban -e-Roomi</p> <p>Block -5, Clifton, Karachi</p> <p>Tel: (021) 35375714</p>
<b>Website</b>	<a href="http://www.arm.com.pk">www.arm.com.pk</a>

## Directors' Report

for the period ended September 30, 2011

The Board of Directors of Allied Engineering Management Company (Pvt.) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with un-audited accounts of the Modaraba for the three months period ended September 30, 2011.

### Financial Highlights

	Rs in '000
Revenue from operations	357,458
Profit for the period	122,940
Net profit margin	34%
Earning per certificate	Rs. 2.05
Investment in Rental Fleet	1,222,195
Investment in Ijarah finance/ Asset under Ijarah arrangement	582,629

### Review of Operations

Modaraba continued to post escalation in its profits by recording a growth of Rs. 52 million, the profit for the quarter is Rs. 123 million as compared to Rs. 70 million for the corresponding quarter. The escalation is mainly attributable to the increase in Ijarah rentals of Modarabas' rental fleet of assets which increased to Rs. 316 million from Rs. 196 million in the corresponding quarter.

Operating expenses increased by Rs. 65 million to Rs. 211 million (2010: Rs. 146 million) due to increase in repair and maintenance of rental fleet which is consequential to continuous expansion in rental fleet volume of the Modaraba and a charge of Ijarah rentals of Rs. 25 million (2010: Rs. 12 million) in accordance with IFAS – 2. Administrative and distribution expenses increased by Rs. 4.5 million (44%) to Rs. 16 million (2010: Rs. 11.5 million) in line with inflation despite austerity measures being taken. Financial charges increased by Rs. 2.3 million (40%) to Rs. 8.1 million compared to Rs 5.8 million of the corresponding quarter. The increase is in line with the increase in Musharakah borrowing by Modaraba.

### Acknowledgement

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

On Behalf of the Board

**Murtaza Ahmed Ali**  
Chief Executive

October 20, 2011

**Condensed Interim Balance Sheet (Unaudited)**

As at September 30, 2011

	Note	Unaudited Sep 30,2011	Audited Jun 30,2011
Rupees			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank balances		94,589,885	61,489,976
Trade debts - Net		137,535,462	130,532,646
Advances, deposits and other receivable		20,778,402	18,146,069
Short term investment		50,000,000	-
Spare parts		13,112,827	12,063,676
Current portion of investment in Ijarah finance / assets under Ijarah arrangements	6	6,511,487	6,227,523
<b>Total Current Assets</b>		<b>322,528,063</b>	<b>228,459,890</b>
<b>Non-current assets</b>			
Investment in Ijarah finance / assets under Ijarah arrangements	6	576,117,635	597,408,495
Long term security deposits		19,054,957	18,204,957
Fixed assets - tangible	7	1,259,726,837	1,266,721,956
<b>Total Non-current Assets</b>		<b>1,854,899,429</b>	<b>1,882,335,408</b>
<b>Total assets</b>		<b>2,177,427,492</b>	<b>2,110,795,298</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors, accrued and other liabilities		593,049,057	524,988,793
Payable to the Management Company		10,323,568	7,302,054
Current maturity of Musharakah finance		66,992,117	95,359,870
Liabilities against assets subject to Ijarah finance	8	23,502,522	30,419,030
<b>Total Current Liabilities</b>		<b>693,867,264</b>	<b>658,069,747</b>
<b>Non-current liabilities</b>			
Deferred liabilities		18,928,251	17,458,309
Security Deposits		37,500,000	35,275,000
Musharakah finance		139,246,246	97,046,306
<b>Total non-current liabilities</b>		<b>195,674,497</b>	<b>149,779,615</b>
<b>Total liabilities</b>		<b>889,541,761</b>	<b>807,849,362</b>
<b>NET ASSETS</b>		<b>1,287,885,731</b>	<b>1,302,945,936</b>
<b>FINANCED BY : CAPITAL AND RESERVES</b>			
Authorised Certificate capital			
75,000,000 Modaraba certificates of Rs.10 each		750,000,000	750,000,000
Issued, subscribed and paid up certificate capital		600,000,000	600,000,000
Premium on issue of right certificates		90,000,000	90,000,000
Statutory (mandatory) reserve		461,074,852	461,074,852
Unappropriated profit		136,810,879	151,871,084
		<b>1,287,885,731</b>	<b>1,302,945,936</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

**Murtaza Ahmed Ali**  
Chief Executive

**Ali Akbar**  
Director

**Condensed Interim Profit and Loss Account (Unaudited)**

For the three months period ended September 30, 2011

	Note	Three Months ended September 30, 2011	Three Months ended September 30, 2010
<b>Rupees</b>			
Ijarah rentals		316,226,765	196,177,953
Operation and maintenance income		38,185,999	36,415,546
Profit on Ijarah finance		3,045,651	3,366,042
		<u>357,458,415</u>	<u>235,959,541</u>
Operating expenses	9	(211,433,237)	(146,508,114)
Gross Profit		146,025,178	89,451,427
Administrative and distributions expense	10	(16,008,638)	(11,550,175)
Financial charges	11	(8,164,532)	(5,843,818)
Workers' welfare fund		(2,458,796)	(1,411,341)
Other Income		6,698,885	2,103,431
		<u>(19,933,081)</u>	<u>(16,701,903)</u>
Modaraba management fee		(3,152,302)	(2,182,486)
Profit for the period		<u>122,939,795</u>	<u>70,567,038</u>
Earnings per certificate - basic & diluted		<u>2.05</u>	<u>1.18</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

**Murtaza Ahmed Ali**  
Chief Executive

**Ali Akbar**  
Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)**

For the three months period ended September 30, 2011

	<b>Three Months ended September 30, 2011</b>	Three Months ended September 30, 2010
	<b>Rupees</b>	
Profit for the period	<b>122,939,795</b>	70,567,038
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>122,939,795</u></b>	<b><u>70,567,038</u></b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Murtaza Ahmed Ali**  
Chief Executive

\_\_\_\_\_  
**Ali Akbar**  
Director

## Condensed Interim Cash Flow Statement (Unaudited)

For the three months period ended September 30, 2011

	September 30, 2011	September 30, 2010
Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	122,939,795	70,567,038
<b>Adjustments for non-cash and other items:</b>		
Depreciation	65,890,943	48,146,570
Provision for deferred liabilities	1,484,675	381,127
Financial charges	8,164,532	5,843,818
Profit on disposal of fixed assets	(4,078,904)	9,914
	194,401,041	124,948,467
<b>Decrease / (increase) in current assets</b>		
Trade debts	(7,002,816)	(24,055,643)
Short term investment	(50,000,000)	(50,000,000)
Spare parts	(1,049,150)	-
Advances, prepayments and other receivables	(2,632,333)	(1,628,937)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	68,060,264	160,380,417
Security Deposits	2,225,000	-
Payable to Management Company	3,021,514	2,464,320
	12,622,479	87,160,157
Cash generated from operations	207,023,520	212,108,624
Long term employee benefit paid	(14,733)	-
Decrease / (Increase) in long term security deposit	(850,000)	-
Financial charges paid	(8,164,532)	(141,058)
Net cash flows from operating activities	197,994,255	211,967,566
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(51,555,123)	(80,734,069)
Investment in Ijarah finance (Commencing up to 30 June 2008)	1,454,349	2,848,958
Investment in Ijarah finance (Commencing after 1 July 2008 under IFAS 2)	(4,869,250)	-
Proceed from disposal of fixed assets	21,160,000	4,252,520
Net cash flows from Investing activities	(33,810,024)	(73,632,591)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit Distribution	(138,000,000)	(135,000,000)
Musharakah financing availed	31,364,325	-
Repayment of Musharakah Finance	(17,532,138)	-
Repayment of Ijarah Finance	(6,916,508)	(25,469,941)
Net cash flows from financing activities	(131,084,321)	(160,469,941)
Net Cash increase/ (decrease) during the period	33,099,909	(22,134,966)
Cash and cash equivalents at beginning of the period	61,489,976	87,624,137
Cash and cash equivalents at end of the period	94,589,885	65,489,171

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

**Murtaza Ahmed Ali**  
Chief Executive

**Ali Akbar**  
Director

## Condensed Interim Statement of Changes in Equity (Unaudited)

For the three months period ended September 30, 2011

	Paid up certificate capital	Premium on right certificates	Statutory (mandatory) reserve	Unappropriated profit	Total
	Rupees				
Balance as at 01 July 2010	600,000,000	90,000,000	316,928,095	142,724,327	1,149,652,422
Profit distribution for the year ended 30 June 2010 @ Rs. 2.25 per certificate	-	-	-	(135,000,000)	(135,000,000)
Total recognised income for the quarter ended 30 September 2010	-	-	-	70,567,038	70,567,038
Balance as at 30 September 2010	600,000,000	90,000,000	316,928,095	78,291,365	1,085,219,460
Balance as at 01 July 2011	600,000,000	90,000,000	461,074,852	151,871,084	1,302,945,936
Profit distribution for the year ended 30 June 2011 @ Rs. 2.30 per certificate	-	-	-	(138,000,000)	(138,000,000)
Total recognised income for the quarter ended 30 September 2011	-	-	-	122,939,795	122,939,795
Balance as at 30 September 2011	600,000,000	90,000,000	461,074,852	136,810,879	1,287,885,731

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Murtaza Ahmed Ali**  
Chief Executive

\_\_\_\_\_  
**Ali Akbar**  
Director

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2011

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by the above Management Company, which is wholly owned by Allied Engineering and Services Limited. The Management Company is incorporated in Pakistan under the Companies Ordinance, 1984 and is registered with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The Modaraba is a perpetual Modaraba and is engaged in Ijarah (leasing under operating and finance lease arrangements) and operation & maintenance of Caterpillar and other equipments (i.e. generators, fork lifters, compactors, etc.). The registered office of Modaraba is located at 21/3, Sector 22, Korangi Industrial Area, Karachi. The Modaraba is listed on the Karachi Stock Exchange. The Modaraba commenced its operations from 10 January 2007.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim financial statements are un-audited and have been prepared in accordance with the requirements of the Modaraba Companies Modaraba (Flotation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by Securities and Exchange Commission of Pakistan and the International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2011.

#### 2.2 Functional and presentation currency

This condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the modaraba in the preparation of these interim financial statements are consistent with those applied for the preparation of preceding audited published financial statements for the year ended June 30, 2011.

### 4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the period ended 30 June 2011.

### 5. FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and polices are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2011.

**Notes to the Condensed Interim Financial Statements (Unaudited)**

For the three months period ended September 30, 2011

6. INVESTMENT IN IJARAH FINANCE	Notes	Un-audited	Audited
		Sept. 30 2011	June 30, 2011
Rupees			
Ijarah contracts commencing up to 30 June 2008 accounted for as finance lease	6.1	<b>66,823,978</b>	68,278,327
Current portion of net investment in Ijarah finance		<b>(6,511,487)</b>	(6,227,523)
		<b>60,312,491</b>	62,050,804
Ijarah contracts commencing 1 July 2008 accounted under IFAS 2		<b>515,805,144</b>	535,357,691
- at cost less accumulated depreciation			
		<b>576,117,635</b>	597,408,495

**6.1 Net investment in Ijarah finance**

	Un-audited				Audited			
	September 30, 2011				June 30, 2011			
	Due within one year	Due after one year	Due after five year but within ten years	Total	Due within one year	Due after one year	Due after five year but within ten years	Total
Rupees				Rupees				
Minimum lease payments receivable	18,000,000	72,000,000	21,000,000	111,000,000	18,000,000	72,000,000	25,500,000	115,500,000
Residual value of leased assets	-	-	-	-	-	-	-	-
	18,000,000	72,000,000	21,000,000	111,000,000	18,000,000	72,000,000	25,500,000	115,500,000
Unearned finance income	(11,488,513)	(30,506,070)	(2,181,439)	(44,176,022)	(11,772,477)	(32,315,608)	(3,133,588)	(47,221,673)
	<b>6,511,487</b>	<b>41,493,930</b>	<b>18,818,561</b>	<b>66,823,978</b>	<b>6,227,523</b>	<b>39,684,392</b>	<b>22,366,412</b>	<b>68,278,327</b>

**7. FIXED ASSETS (TANGIBLE) - AT COST LESS ACCUMULATED DEPRECIATION**

	Un-audited	Audited
	Sept. 30 2011	June 30, 2011
Rupees		
<b>Assets in Rental Fleet</b>		
Owned	<b>1,155,878,354</b>	1,161,156,505
Subject to Ijarah Finance	<b>66,093,435</b>	67,676,022
	<b>1,221,971,789</b>	1,228,832,527
<b>Assets in Own Use</b>	<b>37,532,259</b>	35,144,170
<b>Capital Work in Progress</b>	<b>222,789</b>	2,745,259
	<b>1,259,726,837</b>	1,266,721,956

**Notes to the Condensed Interim Financial Statements (Unaudited)**

For the three months period ended September 30, 2011

**8. LIABILITIES AGAINST ASSETS SUBJECT TO IJARAH FINANCE**

	Un-audited September 30, 2011			Audited June 30, 2011		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	Rupees			Rupees		
Minimum lease payments	24,649,002	-	24,649,002	33,501,264	-	33,501,264
Financial charge allocated to future rentals	(1,146,480)	-	(1,146,480)	(3,082,234)	-	(3,082,234)
Present value of minimum lease payment	<b>23,502,522</b>	-	<b>23,502,522</b>	<b>30,419,030</b>	-	<b>30,419,030</b>

**9. OPERATING EXPENSES**

	Three Months ended September 30, 2011	Three Months ended September 30, 2010
	(Rupees)	
Salaries, wages and other staff benefits	60,751,637	45,536,544
Depreciation expense	64,651,437	47,261,105
Repair and maintenance	54,343,790	36,571,108
Transportation costs	1,572,500	-
Insurance cost - equipments	3,392,430	4,077,790
Ijarah Rental	25,279,146	11,917,257
Travelling and conveyance	715,496	621,910
Rent Expense	726,801	522,400
	<b>211,433,237</b>	<b>146,508,114</b>

**10. ADMINISTRATIVE AND DISTRIBUTION EXPENSES**

Salaries, wages and other staff benefits	4,476,018	2,723,220
Commission	2,835,000	1,950,600
Vehicle running costs	3,444,787	2,447,426
Travelling and conveyance	1,049,378	1,569,080
Depreciation expense	1,239,506	885,465
Legal and professional charges	1,470,310	1,101,783
Telephone, postage and fax charges	247,434	196,761
Advertisement and sales promotion	124,000	16,000
Printing and stationery	108,540	241,775
Insurance cost - vehicles	338,355	151,683
Training, meetings and tender participation	54,055	57,200
Miscellaneous	621,255	209,182
	<b>16,008,638</b>	<b>11,550,175</b>

**11. FINANCIAL CHARGES**

Mark-up on obligation against assets under ijarah / Musharakah finance	8,024,145	5,702,760
Bank charges	140,387	141,058
	<b>8,164,532</b>	<b>5,843,818</b>

**Notes to the Condensed Interim Financial Statements (Unaudited)**

For the three months period ended September 30, 2011

**12. RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise associated companies, management company, Staff retirement funds, directors and key management personnel. Transactions with related parties are as follows

	<b>Three Months ended Sept 30, 2011</b>	Three Months ended Sept 30, 2010
	<b>Rupees</b>	
<b>Allied Engineering Management Company (Private) Limited (the Management Company)</b>		
Modaraba management fee	<u><u>3,152,302</u></u>	<u><u>2,182,486</u></u>
<b>Allied Engineering and Services Limited (the holding company of the Management Company)</b>		
Purchase of rental assets	<u><u>35,862,876</u></u>	<u><u>4,255,549</u></u>
Purchase of parts & services	<u><u>41,029,883</u></u>	<u><u>29,964,593</u></u>
Sale of rental assets / Rent revenue	<u><u>1,133,500</u></u>	<u><u>1,159,312</u></u>
<b>Staff Provident Fund (Provident fund of the associated company)</b>		
Contribution to staff provident fund	<u><u>883,267</u></u>	<u><u>656,132</u></u>

These transactions are carried out on an arm's length basis as per the contracts entered into between Allied Rental Modaraba and Allied Engineering & Services Ltd. for the purchase of equipments, parts & Services.

**13 DATE OF AUTHORISATION**

These financial statements were authorised in the meeting of the Board of Directors of the Management Company held on October 20, 2011.

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

\_\_\_\_\_  
**Murtaza Ahmed Ali**  
Chief Executive

\_\_\_\_\_  
**Ali Akbar**  
Director



**Allied Rental Modaraba**

Managed by: Allied Engineering Management Company (Private) Limited



21/3, Sector No. 22, Korangi Industrial Area, Karachi-74900  
UAN : 111 250 250, Tel: (021) 35066901-13, 35113621-25  
Fax: (021) 35066915-16, E-mail : rental@aesl.com.pk  
Web : www.arm.com.pk