

QUARTERLY ACCOUNTS
(UN-AUDITED)
FOR THE QUARTER ENDED
MARCH 31, 2007



ALLIED RENTAL MODARABA

Managed by:
Allied Engineering Management Company (Pvt) Limited

MODARABA INFORMATION

Directors of Modaraba Company	<p>Syed Feisal Ali Chairman</p> <p>Mr. Murtaza Ahmed Ali Chief Executive</p> <p>Mr. Kamran Akhtar Director Finance & Company Secretary</p> <p>Mr. Ali Akbar Director</p> <p>Mr. Raees A. Khan Director</p> <p>Mr. Tajdar A. Shah Director</p> <p>Mr. Shahid Karim Siddiqi Director</p>
Audit Committee	<p>Syed Feisal Ali (Chairman)</p> <p>Mr. Ali Akbar (Member)</p> <p>Mr. Murtaza Ahmed Ali (Member)</p>
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Bankers/Lending Institutions	<p>Faysal Bank Ltd</p> <p>Habib Metropolitan Bank Ltd</p> <p>MCB Bank Ltd</p> <p>Oman International Bank</p> <p>Pak Oman Investment Company Ltd</p> <p>Soneri Bank Ltd</p> <p>Standard Chartered Bank Ltd</p>
Legal Advisor	Mr. Khalil Ahmed Siddiqui
Registered & Head Office	21/3 Sector 22, Korangi Industrial Area, Karachi UAN 111 250 250
Registrar	<p>Gangjees Investment & Finance Consultants</p> <p>413, Clifton Centre, Khayaban-e-Roomi</p> <p>Block-5, Clifton, Karachi.</p> <p>Phone: (021) 537 5714</p>
Website	www.arm.com.pk

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DIRECTORS' REPORT

For the quarter ended March 31, 2007

The Board of Directors of Allied Engineering Management Company (Pvt) Ltd, the management company of Allied Rental Modaraba, are pleased to present the Directors' Report of Modaraba, together with un-audited accounts for the quarter ended March 31, 2007, being its first quarter since the commencement of operations on January 10, 2007.

Commencement of Business

The Modaraba has commenced its business with an Equity of Rs 300 million which has been utilized in acquiring the Rental Equipment from Allied Rental Services (Pvt) Ltd as described in the Prospectus. On the day of commencement of operations, the Modaraba has also inherited all the existing Rental as well as Operation & Maintenance contracts from Allied Rental Services (Pvt) Ltd.

Operating Results

During the first quarter of its operations, the Modaraba has earned an operating profit of Rs 28.57 million from its Equipment Rental and Operation & Maintenance services. After accounting for other income, financial charges, pre operational expenses & income and Modaraba Company's management fee, the Modaraba has earned a net profit of Rs25.25 million which translates into an Earning per certificate of Rs 0.84.

Future Outlook

The management of your Modaraba plans to gradually increase its investment in Rental fleet in line with growth in the Equipment Rental market and expects a corresponding increase in the profitability in the succeeding quarters.

Acknowledgement

The Board would like to express its sincere gratitude to the Registrar Modaraba and other officials of SECP and KSE for their continued guidance and also appreciates the support extended by Arif Habib Group, PakOman Investment Company Ltd and other partners in the floatation of Modaraba and the commendable efforts of staff without which the Modaraba's success would not have been possible.

Murtaza Ahmed Ali
Chief Executive

Karachi
April 25, 2007

BALANCE SHEET (UNAUDITED)

As at March 31, 2007

	<u>Note</u>	<u>Rs in '000</u>
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Fixed assets - tangible		
Assets in Rental Fleet - owned		237,228
Assets in Rental Fleet - subject to Ijarah finance		220,071
Assets in own use		12,739
Assets under installation		2,551
Rental assets under long term contract		19,000
		491,589
CURRENT ASSETS		
Rental assets under long term contract - current receivable		7,272
Rental Receivables - Unsecured		44,661
Advances, Deposits, Prepayments & Others		2,657
Receivable from Associated Companies		4,259
Cash and Bank		66,646
		125,495
TOTAL ASSETS		617,084
<u>EQUITY AND LIABILITIES</u>		
CERTIFICATE CAPITAL AND RESERVES		
Authorized		
50,000,000 Modaraba certificates of Rs.10 each		500,000
Issued, subscribed and paid-up		
30,000,000 Modaraba certificates of Rs.10 each		300,000
Unappropriated Profit		25,252
		325,252
NON-CURRENT LIABILITIES		
Liabilities against assets subject to Ijarah Finance	4	125,043
CURRENT LIABILITIES		
Liabilities against assets subject to Ijarah finance - Current portion	4	67,210
Payable to Associated Companies		10,515
Creditors, Accrued & Other Liabilities		28,199
Payable to Management Company		5,724
Payable to an Associate against acquisition of assets		55,141
		166,789
TOTAL EQUITY AND LIABILITIES		617,084

The Annexed notes form an integral part of these accounts

Murtaza Ahmed Ali
Chief ExecutiveAli Akbar
DirectorKamran Akhtar
Director Finance

PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter ended March 31, 2007

	<u>Note</u>	<u>Rs in '000</u>
Rental & O&M Revenue	5	71,172
Operational Expenses		<u>38,770</u>
Gross Profit		32,402
Administrative and General Expenses		<u>3,827</u>
Operating Profit		28,575
Other Income		<u>450</u>
		29,025
Financial Charges		<u>3,564</u>
Net Operating Profit		25,461
Pre-Operational Income net off expenses	6	<u>1,120</u>
		26,581
Modaraba company's management fee		<u>1,329</u>
Profit for the quarter		<u><u>25,252</u></u>
Earning per certificate (Rupees)		0.84

The Annexed notes form an integral part of these accounts

Murtaza Ahmed Ali
Chief ExecutiveAli Akbar
DirectorKamran Akhtar
Director Finance

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the quarter ended March 31, 2007

Rupees in thousands

	Paid-Up Capital	Capital / Statutory Reserve	Unappropriated profit	Total equity
Balance as at Jan 10, 2007	300,000	-		300,000
Profit for the period			25,252	25,252
Balance as at March 31, 2007	300,000	-	25,252	325,252

Murtaza Ahmed Ali
Chief Executive

Ali Akbar
Director

Kamran Akhtar
Director Finance

CASH FLOW STATEMENT (UNAUDITED)

For the quarter ended March 31, 2007

	<u>Rs in '000</u>
OPERATING ACTIVITIES	
Net Profit	25,252
<i>Adjustments for non cash items</i>	
Depreciation	14,484
Financial Charges	3,564
	18,048
Profit before working capital changes	43,300
<i>Effect on cash flow due to Working Capital Changes</i>	
Increase in Rental Receivables	(44,661)
Increase in Advances Deposits & Prepayments	(6,917)
Increase in Creditors, Accrued and Other liabilities	43,938
	(7,640)
Cash generated from operations	35,660
Financial charges paid	(3,063)
Net Cash generated from operating activities	32,597
INVESTING ACTIVITIES	
Acquisition of Assets for Rental fleet and others	(314,246)
Increase in liability for acquisition of assets	55,141
Net Cash used in Investing Activities	(259,105)
FINANCING ACTIVITIES	
Cash generated from IPO of Modaraba certificates	300,000
Repayment of Ijarah Finance liabilities	(6,846)
Net Cash Generated from Financing Activities	293,154
Net increase in cash and cash equivalents	66,646
Cash and Cash Equivalents at the beginning of the period	-
Cash and Cash Equivalents at the end of the period	66,646

The Annexed notes form an integral part of these accounts

Murtaza Ahmed Ali
Chief ExecutiveAli Akbar
DirectorKamran Akhtar
Director Finance

NOTES TO THE ACCOUNTS (UNAUDITED)

For the quarter ended March 31, 2007

1. Legal Status and Nature of Business

Allied Rental 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 Allied Engineering Management Company (Private) Limited. The Management Company is wholly owned subsidiary of Allied Engineering & Services Ltd.

The Modaraba has commenced its operations on January 10, 2007. The Modaraba is perpetual modaraba and is primarily engaged in Rental and O&M Services of Caterpillar Equipment. The Modaraba is listed at the Karachi Stock Exchange.

2. Basis of Preparation

These Financial statements are unaudited and have been prepared in accordance with the requirement of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan and the International Accounting Standard IAS-34, 'Interim Financial Reporting'.

3. Taxation

The Income of the Modaraba (not being income from trading activity) is exempt from tax provided that not less than 90% of its profits, as reduced by the amount transferred to the mandatory reserve as required by the provisions of Modaraba Ordinance and Rules made thereunder, are distributed to the certificates holders. The Modaraba intends to avail this tax exemption by complying with the profit distribution requirement and hence no provision has been made in these financial statements for tax liability for the quarter ended March 31, 2007

4. Liabilities against assets subject to Ijara financing

The amount of future repayments of the Ijarah financing including profit thereon and the period in which these payments will become due are as follows:

Years	Ijara financing including profit	Profit Payments	Ijara financing excluding profit March 31, 2007
March 31, 2008	88,109	20,899	67,210
March 31, 2009	87,788	11,797	75,991
March 31, 2010	51,841	2,789	49,052
	227,738	35,485	192,253
Less: Current portion	88,109	20,899	67,210
	139,629	14,586	125,043

Murtaza Ahmed Ali
Chief Executive

Ali Akbar
Director

Kamran Akhtar
Director Finance

5. Rental and O&M Revenue

This represents the Revenue from Equipment Rental services and Operation & Maintenance Contracts

6. Pre-Operational Expenses & Income

Rs in '000

Income on deposits before commencement of business	8,791
Expenses on floatation	<u>(7,671)</u>
Net Pre-Operational Income	1,120

7. 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 other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Related Party	Nature of Transaction	Amount Rs in '000
Allied Engineering & Services Ltd.	Purchase of Generators	3,649
Allied Engineering & Services Ltd.	Purchase of Parts & Services	6,815
Allied Rental Services (Pvt) Ltd.	Purchase of Rental & Other fixed assets	355,140
Allied Engineering & Services Ltd.	Invoicing of Rental Revenue	402

8. Date of Authorization

These financial statements were authorized for issue on April 25, 2007 by the Board of Directors of the Management Company.

Murtaza Ahmed Ali
Chief Executive

Ali Akbar
Director

Kamran Akhtar
Director Finance

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