

# RIISING TO THE CHALLENGE



**Allied Rental Modaraba**

Managed by: Allied Engineering  
Management Company (Private) Limited

**Quarterly Report March 2019**

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# Company Information

## Board of Directors

Syed Feisal Ali  
Chairman

Mr. Murtaza Ahmed Ali  
Chief Executive

Mr. Khwaja Ahad Rahman  
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. Muhammad Saad

## Company Secretary

Mr. Muzzammil Tariq

## 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

## 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

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](http://www.arm.com.pk)

## Registrar & Certificate Transfer Office

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

# Director Report

For the period ended March 31, 2019

The Board of Directors of Allied Engineering Management Company (Pvt.) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with Unaudited Financial Statements of the Modaraba for the nine months period ended March 31, 2019.

## Financial Highlights

	(Rupees in '000)
Investment in Ijarah assets	6,527,319
Total Revenue	2,859,861
Net profit for the period	360,388
Net profit margin	12.6%
Return on equity	6.79%
Current Ratio	1.13:1
Earning per certificate	Rs. 1.64
Break-up value per certificate	Rs. 24.14

## Review of Operations

We are pleased to report that despite stagnation in the overall economy and other fiscal issue confronting the economy, the modaraba was able to maintain its momentum. Both revenue and profitability showed positive movements and during the nine months period the Revenue increased by 6% to Rs. 2,860 million from Rs. 2,707 million in the corresponding period last year, whereas, the Profit for the same period increased by marginal 3% and closed at Rs. 360 Million.

Inbound and out bound Logistics sales increased significantly to Rs. 1,266 Million in the nine months period ended March 2019 against corresponding period sales of Rs. 994 Million; mainly on account of increase in fuel prices and marginally better price realization. Due to significant decline in imports and slow down of the economy, the business overall remained stagnant. The market is seeing excess capacities in the market, resulting in price pressure on freight rates. We have toned down our short term forecasts and will continue with our present fleet composition without any significant investment plans in the short term.

Sales from our Machine & Crane segment though marginally increased by 5 % compared to corresponding period, but much lower than our forecast and investments made. This is mainly due to slashing of the infrastructure budgets, lower GDP forecasts and non payment of contractors bills resulting in accumulation of receivables. Though we have got deployment at some good construction projects, but again overall our future investments in the segment will remain on hold until we see clarity on development budgets at federal government level.

Sales in the Power Generation segment sustained and met its target despite overall slow down of the economy. This is mainly due to shift in our sales from traditional industrial sectors of the business to other sectors, especially construction projects, housing societies and continuation of our long term deployment contracts. No new investment are planned at this stage for any segment of the Power Rental business, both Diesel and Gas as we feel that our present fleet size is able to meet the current market demands.

Operating costs increased by Rs 147 Million mainly due to fleet vehicle running costs which have increased from Rs. 391 Million in the corresponding period to Rs. 519 Million due to increase in fuel rates and higher km travelling. Salaries and wages expenses increased by 17% mainly on account of higher wage factor for our Machine segment and overall inflationary adjustment in the wage element. Depreciation for the period was Rs 554 Million as compared to Rs. 684 Million of corresponding period last year.

Ijarah rentals declined to NIL as all our contracts matured during the period and assets transferred to the Modaraba at its residual values.

The Administrative and distribution expenses went up by 17.5% as compared to the corresponding period which is in line with inflation and putting resources in place to handle diversified business portfolio and increased business volume.

Despite significant drop of Rs 400 Million in total borrowing compared to June 30, 2018, markup costs went up by Rs. 35 Million in the current quarter, mainly on account of increase in KIBOR Base rate.

### **Future Prospects**

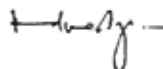
Keeping in view the current slow down of the economy, we have lowered our investment forecasts and will be cautious and prudent for the new investment in all sectors of our rental portfolio. Efforts will now be to sustain our current deployment and pricing levels, both in the face of stiff price competition and continuous inflationary pressures on different factors of our cost element. Due to significant depreciation of the rupee, we expect our costs on repairs and maintenance for imported spares to go up and Inflationary tendencies will put further pressures on our labor cost element; the two main element of our Cost of Sales. In such economic cycle, all efforts are to ensure sustaining our current deployment levels with wherever possible marginally better price realization to offset the increase in cost element. With increase in base discount rates, the mark up cost element will also go up and efforts are made to reduce our borrowings so as to lessen increased mark up cost element on our overall profitability.

We always strive to keep special emphasis on customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

### **Acknowledgement**

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

On Behalf of the Board



Murtaza Ahmed Ali  
Chief Executive

April 25, 2019

اس معاشی گردش کی صورتحال میں ہماری تمام تر کوشش ہے کہ جہاں تک بہتر منافع کی گنجائش ہو اپنے موجودہ تعین کی سطح کو برقرار رکھیں تاکہ لاگت کی مد میں اضافہ نہ ہو۔ بنیادی ڈسکاؤنٹ ریٹ میں اضافہ کے ساتھ مارک اپ کی مد میں بھی اضافہ ہوگا؛ ہم قرضہ جات میں کمی لانے کیلئے کوشاں ہیں تاکہ ہماری مجموعی منفعت پر مارک اپ کی مد میں کم سے کم اضافہ ہو۔ ہم ہمیشہ صارف کے مکمل اطمینان پر خاص توجہ رکھتے ہیں اور اپنے کاروباری لین دین میں اسلامی شریعہ اصولوں پر عمل پیرا رہتے ہیں۔

#### اعتراف

بورڈ، رجسٹرڈ امضار، مذہبی بورڈ، مالیاتی اداروں اور اپنے مالیاتی پارٹنرز کے مستقل تعاون اور رہنمائی کیلئے ان کا بے حد شکر گزار ہے اور صارفین کی سرپرستی اور کاروباری امور میں شرکت کیلئے ان کا شکریہ ادا کرتا ہے۔

منجانب بورڈ  
مرتضیٰ احمد علی  
چیف ایگزیکٹو

25 اپریل 2019

اگرچہ ہمارے مشین اور کرین کے شعبہ کی سیلرز میں گزشتہ اسی مدت کے مقابلے میں 15% اضافہ ہوا لیکن یہ ہماری توقع سے بہت کم ہے۔ اس کی وجوہات میں انفراسٹرکچرز کے بجٹ میں کٹوتی، کم ترجیحی ڈی پی کی توقعات اور کنٹرکٹرز کے بلوں کی عدم ادائیگی شامل ہیں جس کے نتیجے میں قابل وصول رقوم کی مد میں اضافہ ہو گیا۔ اگرچہ ہم نے بعض اچھے تعمیراتی منصوبوں میں تعین کی ہے لیکن مجموعی طور پر اس شعبہ میں ہم مستقبل کی سرمایہ کاری سے گریزاں ہیں تاوقتیکہ وفاقی حکومت کی سطح پر ترقیاتی بجٹ کے خدوخال ہمارے سامنے واضح نہ ہو جائیں۔

پاور جنریشن کے شعبہ کی سیلرز میں استحکام رہا اور معیشت کی مجموعی سست روی کے باوجود ہدف حاصل کر لیا گیا۔ اس کی بڑی وجہ یہ تھی کہ ہم نے اپنی سیلرز کو کاروبار کے روایتی صنعتی شعبوں سے دوسرے شعبوں، خاص طور پر تعمیراتی منصوبوں، ہاؤسنگ سوسائٹیز اور طویل المدت کے کنٹرکٹس کی طرف منتقل کر دیا۔ اس مرحلے پر ڈیزل اور گیس، دونوں طرح کے پاور رینٹل کاروبار کے کسی شعبہ میں نئی سرمایہ کاری کا کوئی منصوبہ نہیں ہے کیونکہ ہمارے خیال میں ہمارے موجودہ بیڑے کا سائز مارکیٹ کی موجودہ طلب پوری کرنے کیلئے کافی ہے۔

کاروباری عمل کو جاری رکھنے کی لاگت میں 147 ملین روپے اضافہ ہو گیا جس کی بڑی وجہ بیڑے کی گاڑیوں کے چلنے کی لاگت ہے جو فیول کی قیمتوں میں اضافے اور زیادہ کلومیٹر کے فاصلے طے کرنے کے باعث گزشتہ سال کی اسی مدت کی لاگت 391 ملین روپے سے بڑھ کر 519 ملین روپے ہو گئی۔ تنخواہوں اور اجروں میں 17% اضافہ ہوا جس کی بڑی وجہ ہمارے مشین کے شعبہ کیلئے زیادہ اجرتیں اور مجموعی طور پر اجروں کے عنصر میں افراط زر کی ایڈجسٹمنٹ تھی۔ اس مدت میں فرسودگی کے اخراجات 554 ملین روپے ہوئے جبکہ گزشتہ سال اسی مدت کے اخراجات 684 ملین روپے تھے۔ اجارہ رینٹل میں کوئی کمی نہیں ہوئی کیونکہ اس مدت میں ہمارے تمام کنٹرکٹ تکمیل کو پہنچ گئے اور اثاثہ جات اپنی بقایا و بلیوز کے ساتھ مضاربہ کو منتقل کر دیئے گئے۔

انتظامی امور اور تقسیم کاری کے اخراجات گزشتہ سال کی اسی مدت کے اخراجات سے 17.5% بڑھ گئے۔ اس کی بڑی وجہ افراط زر کے اثرات اور مختلف النوع برنس پورٹ فولیو کو ہینڈل کرنے کیلئے ذرائع کی فراہمی کے اخراجات اور کاروباری حجم میں اضافہ تھی۔

30 جون 2018 کے مقابلے میں مجموعی طور پر قرضہ جات کے حصول میں 400 ملین روپے کمی کی آنے کے باوجود موجودہ سہ ماہی میں مارک اپ کے اخراجات 35 ملین روپے تک کا اضافہ ہوا جس کی وجہ KIBOR پر مبنی ریٹس میں اضافہ تھی۔

مستقبل کے امکانات

معیشت کی موجودہ سست روی کے پیش نظر، ہم نے اپنی متوقع سرمایہ کاری کو کم رکھا ہے اور ہم اپنے رینٹل پورٹ فولیو کے تمام شعبہ جات میں نئی سرمایہ کاری کیلئے محتاط اور دانشمندانہ طریقہ اختیار کریں گے۔ فی الحال ہماری کاوشیں اپنے موجودہ تعین اور لاگت کی سطح کو ایک جگہ قائم رکھنے پر مرکوز ہیں جو سخت مسابقتی قیمتوں اور ہماری لاگت کے اخراجات کے مختلف حصوں پر افراط زر کے دباؤ میں ہیں۔ روپے کی قدر میں نمایاں کمی ہونے کی وجہ سے ہمیں اپنے درآمد شدہ اسپیرز کی مرمت اور دیکھ بھال کے اخراجات میں اضافہ کی توقع ہے جب کہ افراط زر میں اضافہ کے رجحان سے ہماری لیبر کے اخراجات پر بھی دباؤ پڑے گا اور ان دو عوامل کے باعث ہماری سیلرز کی لاگت بھی زیادہ ہوگی۔

# ڈائریکٹرز کی رپورٹ

برائے مدتِ مختتمہ 31 مارچ 2019

الائیڈ ریٹیل مضاربہ کی منتظمہ کمپنی الائیڈ انجینئرنگ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز اپنے ٹھٹھکیٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ مع مضاربہ کے غیر آڈٹ شد مالیاتی گوشوارے برائے نو ماہِ مختتمہ 31 مارچ 2019 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مالیاتی جھلکیاں	000 روپے میں
اجارہ اثاثہ جات میں سرمایہ کاری	6,527,319
کل آمدنی	2,859,861
منافع برائے مذکورہ مدت	360,388
خالص منافع کا فرق	12.6%
ایکویٹی پر منافع	6.79%
موجودہ شرح	1.13:1
فی ٹھٹھکیٹ آمدنی	Rs. 1.64
فی ٹھٹھکیٹ بریک اپ ویلیو	Rs. 24.14
کاروباری عمل کا جائزہ	

ہم بمسرت اطلاع دیتے ہیں کہ معیشت کی مجموعی خراب صورتحال اور اس سے متصادم دیگر مالی مسائل کے باوجود، مضاربہ اپنی ترقی کی رفتار برقرار رکھنے میں کامیاب رہا۔ آمدنی اور منفعت، دونوں لحاظ سے مثبت پیش رفت ہوئی اور نو ماہ کی مدت کے دوران میں آمدنی 6% اضافے کے ساتھ گزشتہ سال کی اسی مدت کی رقم 2,707 ملین روپے سے بڑھ کر 2,860 ملین روپے ہو گئی جب کہ اسی مدت کیلئے منافع 3% کے نمایاں اضافے کے ساتھ مدت کے اختتام پر 360 ملین روپے رہا۔

مارچ 2019 کو ختم ہونے والی نو ماہ کی مدت میں داخلی اور خارجی لاجسٹکس کی سبیلز نمایاں اضافہ کے ساتھ 1,266 روپے ہو گئی جب کہ گزشتہ اسی مدت کی سبیلز 994 ملین روپے تھیں۔ اس کی بڑی وجہ فیول کی قیمتوں میں اضافہ اور قیمت کا نمایاں طور پر بہتر حصول تھی۔ درآمدات میں نمایاں کمی اور معیشت کی سست روی کے باعث مجموعی طور پر کاروبار ٹھپ رہا۔ مارکیٹ میں اضافی گنجائش دکھائی دے رہی ہے جس کے نتیجے میں بار برداری کی شرح پر قیمت کا دباؤ موجود ہے۔ ہم نے اپنی قلیل المدت کیلئے توقعات کو کم کر لیا ہے اور ہم اپنے موجودہ مجموعی بیڑے کے ساتھ قلیل مدت کیلئے مزید نمایاں سرمایہ کاری کی منصوبہ بندی کے بغیر کاروبار جاری رکھیں گے۔



# Condensed Interim Statement of Financial Position (Unaudited)

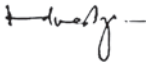
As at March 31, 2019

	Note	31 March 2019 (Unaudited)	30 June 2018 (Audited)
<b>ASSETS</b>			
(Rupees)			
Current assets			
Cash and bank balances		75,802,658	91,230,840
Ijarah rentals receivable		1,268,926,409	1,334,114,468
Operation and maintenance income receivable		59,784,650	29,363,774
Advances, deposits, prepayments and other receivable		676,708,111	540,717,302
Spare parts		143,674,280	104,835,161
		<u>2,224,896,108</u>	<u>2,100,261,545</u>
Non-current assets			
Long term security deposits		50,000	50,000
Diminishing musharaka financing - secured		-	967,729
Fixed assets in own use - tangible		126,766,372	131,283,995
Intangible asset for own use		2,867,340	6,126,565
Ijarah assets	6	6,527,318,965	6,732,935,766
Capital work-in-progress		94,773,708	64,856,641
		<u>6,751,776,385</u>	<u>6,936,220,696</u>
<b>Total assets</b>		<u>8,976,672,493</u>	<u>9,036,482,241</u>
<b>LIABILITIES</b>			
Current liabilities			
Creditors, accrued and other liabilities		800,137,068	626,378,274
Payable to the Modaraba Management Company	7	17,585,461	12,265,972
Current maturity of diminishing musharaka financing payable - secured	8	1,089,954,641	1,008,787,702
Current portion of security deposits		55,260,000	56,963,000
		<u>1,962,937,170</u>	<u>1,704,394,948</u>
Non-current liabilities			
Diminishing musharaka financing payable - secured	8	1,552,024,304	2,035,200,403
Deferred liability for staff gratuity		77,592,357	69,496,154
Other long-term employee benefit		18,297,635	18,729,167
Security deposits		56,138,731	58,125,000
		<u>1,704,053,027</u>	<u>2,181,550,724</u>
<b>Total liabilities</b>		<u>3,666,990,197</u>	<u>3,885,945,672</u>
<b>NET ASSETS</b>		<u>5,309,682,296</u>	<u>5,150,536,569</u>
<b>FINANCED BY: CAPITAL AND RESERVES</b>			
Authorized certificate capital			
225,000,000 (30 June 2018: 225,000,000)			
modaraba certificates of Rs.10 each		2,250,000,000	2,250,000,000
Issued, subscribed and paid-up certificate capital			
220,000,000 (30 June 2018: 200,000,000)			
modaraba certificates of Rs.10 each		2,200,000,000	2,000,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory reserve		1,599,361,656	1,660,688,804
Unappropriated profit		254,608,140	234,135,265
		<u>5,309,682,296</u>	<u>5,150,536,569</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		


The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
**Muhammad Saad**  
Chief Financial Officer

  
**Murtaza Ahmed Ali**  
Chief Executive

  
**Khwaja Ahad Rahman**  
Director

  
**Syed Feisal Ali**  
Director

# Condensed Interim Statement of Profit and Loss Account (Unaudited)


For the nine months period ended March 31, 2019

	Note	Nine months period ended		Three months period ended	
		31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
		(Rupees)		(Rupees)	
Ijarah rentals	10	2,757,903,758	2,615,244,291	899,803,451	893,633,560
Operation and maintenance income	11	101,957,502	91,640,212	32,833,738	30,659,973
		2,859,861,260	2,706,884,503	932,637,189	924,293,533
Operating expenses	12	(2,157,912,572)	(2,010,598,289)	(719,441,970)	(707,095,145)
Gross Profit		701,948,688	696,286,214	213,195,219	217,198,388
Administrative and distribution expenses	13	(174,277,250)	(148,473,298)	(54,085,471)	(56,610,942)
Provision against potential Ijarah losses and operation and maintenance income		(55,902,016)	(30,561,279)	(10,000,000)	-
Finance costs	14	(207,929,877)	(173,263,190)	(73,498,403)	(56,881,903)
Other income		101,548,493	11,779,777	7,430,989	3,455,725
		(336,560,650)	(340,517,990)	(130,152,885)	(110,037,120)
		365,388,038	355,768,224	83,042,334	107,161,268
Modaraba Management Company's remuneration		(5,000,000)	(5,000,000)	-	-
		360,388,038	350,768,224	83,042,334	107,161,268
Workers' welfare fund		-	-	-	-
<b>Profit for the period before taxation</b>		360,388,038	350,768,224	83,042,334	107,161,268
Taxation	15	-	-	-	-
<b>Profit for the period after taxation</b>		360,388,038	350,768,224	83,042,334	107,161,268
Earnings per certificate - basic & diluted		1.64	1.59	0.38	0.49


The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive

  
Khwaja Ahad Rahman  
Director

  
Syed Feisal Ali  
Director

# Condensed Interim Statement of Comprehensive Income (Unaudited)

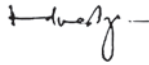
For the nine months period ended March 31, 2019

Note	Nine months period ended		Three months period ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
	(Rupees)		(Rupees)	
Profit for the period after taxation	360,388,038	350,768,224	83,042,334	107,161,268
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	360,388,038	350,768,224	83,042,334	107,161,268


The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive

  
Khwaja Ahad Rahman  
Director

  
Syed Feisal Ali  
Director

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended March 31, 2019

	Issued Subscribed & Paid up certifi- cate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un-appropri- ated profit	Total
	(Rupees)				
<b>Balance as at June 30, 2017</b>	1,755,000,000	1,133,212,500	1,463,126,925	307,251,794	4,658,591,219
Profit distribution for the year ended June 30, 2017 @ Rs. 1.50 per certificate	-	-	-	(263,250,000)	(263,250,000)
Total comprehensive income for the nine months period ended March 31, 2018	-	-	-	350,768,224	350,768,224
13.96 % right issue at a premium of Rs. 5 per certificate during the period	245,000,000	122,500,000	-	-	367,500,000
Expenses against issuance of right certificate	-	-	-	(1,509,009)	(1,509,009)
Transfer to statutory (mandatory) reserve	-	-	70,153,645	(70,153,645)	-
<b>Balance as at March 31, 2018</b>	2,000,000,000	1,255,712,500	1,533,280,570	323,107,364	5,112,100,434
Total comprehensive income for the three months period ended June 30, 2018	-	-	-	38,987,964	38,987,964
Expenses against issuance of right certificate	-	-	-	(551,829)	(551,829)
Transfer to statutory (mandatory) reserve	-	-	127,408,234	(127,408,234)	-
<b>Balance as at June 30, 2018</b>	2,000,000,000	1,255,712,500	1,660,688,804	234,135,265	5,150,536,569
Profit distribution for the year ended June 30, 2018 @ Rs. 1.00 per certificate	-	-	-	(200,000,000)	(200,000,000)
Total comprehensive income for the nine months period ended March 31, 2019	-	-	-	360,388,038	360,388,038
10 % bonus issue for the year ended June 30, 2018 (i.e. 1 certificate for every 10 certificates held)	200,000,000	-	(200,000,000)	-	-
Expenses against issuance of bonus certificate	-	-	-	(1,242,311)	(1,242,311)
Transfer to statutory (mandatory) reserve	-	-	138,672,852	(138,672,852)	-
<b>Balance as at March 31, 2019</b>	2,200,000,000	1,255,712,500	1,599,361,656	254,608,140	5,309,682,296

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



**Muhammad Saad**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Ahad Rahman**  
Director



**Syed Feisal Ali**  
Director

# Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended March 31, 2019

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	360,388,038	350,768,224
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	576,835,947	696,382,888
Provision for deferred liabilities - gratuity	8,096,203	12,206,190
Financial charges including bank charges	207,929,877	173,263,190
Loss / (Profit) on disposal of Ijarah assets	(78,390,536)	2,844,598
Loss / (Profit) on disposal of fixed assets in own use	(378,742)	1,081,843
	1,074,480,787	1,236,546,933
<b>(Increase) / decrease in assets</b>		
Ijarah rentals receivable	65,188,060	(206,824,162)
Operation and maintenance income receivable	(30,420,876)	(7,458,690)
Advances, deposits and other receivable	(135,990,809)	(145,853,051)
Diminishing Musharakah financing	967,729	4,378,762
Spare parts	(38,839,119)	(70,778,206)
	(139,095,015)	(426,535,347)
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities (excluding accrued financial charges)	191,339,964	(57,102,668)
Payable to the Modaraba Management Company	5,319,489	2,056,012
Security Deposits	(3,689,268)	4,540,000
	192,970,185	(50,506,656)
Cash generated from / (utilised in) operations	1,128,355,957	759,504,930
Gratuity paid	-	(145,575)
Compensated absence paid	(431,532)	(175,207)
Financial charges paid	(225,511,047)	(192,115,725)
	(225,942,579)	(192,436,507)
<b>Net cash flows from operating activities</b>	902,413,378	567,068,423
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(455,180,637)	(895,124,449)
Proceeds from disposal of fixed assets in own use	10,690,981	1,700,003
Proceeds from disposal of Ijarah assets	129,899,569	2,132,340
Net cash flows from investing activities	(314,590,087)	(891,292,106)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Diminishing Musharakah financing availed	401,377,169	802,043,802
Repayment of Diminishing Musharakah financing	(803,386,331)	(796,998,124)
Proceeds from issue of right certificate	-	367,500,000
Expenses against issuance of bonus / right certificates	(1,242,311)	(1,509,009)
Bai Muajjal facility availed	-	199,835,414
Repayment of Bai Muajjal facility	-	(99,694,340)
Dividend paid	(200,000,000)	(263,250,000)
Net cash flows from financing activities	(603,251,473)	207,927,743
Net increase in cash and cash equivalents	(15,428,182)	(116,295,940)
Cash and cash equivalents at the beginning of the period	91,230,840	307,439,390
<b>Cash and cash equivalents at the end of the period</b>	75,802,658	191,143,450

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Muhammad Saad  
Chief Financial Officer



Murtaza Ahmed Ali  
Chief Executive



Khwaja Ahad Rahman  
Director



Syed Feisal Ali  
Director

# Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended March 31, 2019

## 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, 2018) 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+ rating to the Modaraba.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial information of the Modaraba for the nine months period ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Report" and provisions of and directives issued under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standard (IFASs), Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, and Prudential Regulations for Modarabas. In case the requirements differ the provisions of or directives issued under the repealed Companies Ordinance, 1984, IFASs, Modaraba Companies and Modarabas (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

- 2.2** These condensed interim financial information do not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended 30 June 2018.

**2.3** These condensed interim financial information comprise of the balance sheet as at 31 March 2019 and profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the nine months period ended 31 March 2019 which have been subjected to a review but not audited.

**2.4** The comparative balance sheet presented in these condensed interim financial information as at 30 June 2018 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2018, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the nine months period ended 31 March 2018 have been extracted from the unaudited condensed interim financial information for the period then ended.

### **2.5 Functional and presentation currency**

These condensed interim financial information are 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.

## **3. ACCOUNTING POLICIES**

**3.1** The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended 30 June 2018.

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

**3.2.1** Certain new amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after 01 July 2018 but are considered not to be relevant or to have any significant effect on this condensed interim financial information.

## **4. ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial information 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. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation and uncertainty those are the same as those that applied to the financial statements as at and for the year ended 30 June 2018.

## **5. FINANCIAL RISK MANAGEMENT**

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 30 June 2018.

## 6. IJARAH ASSETS

31 March 2019 (Unaudited)

	Generators, material handling / transportation vehicles and related equipment	Machines	Total
	(Rupees)		
<b>At July 01, 2018</b>			
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	5,690,043,117	1,042,892,649	6,732,935,766
 Additions	 356,776,255	 42,980,678	 399,756,933
<b>Disposals</b>			
Cost	(184,253,940)	-	(184,253,940)
Depreciation	132,744,906	-	132,744,906
	(51,509,034)	-	(51,509,034)
 Depreciation charge for the period	 (487,525,103)	 (66,339,594)	 (553,864,697)
Closing net book value	5,507,785,235	1,019,533,733	6,527,318,968
 <b>At March 31, 2019</b>			
Cost	9,690,335,233	1,252,522,431	10,942,857,664
Accumulated depreciation	(4,182,549,998)	(232,988,698)	(4,415,538,696)
Net book value	5,507,785,235	1,019,533,733	6,527,318,968
 Life (Years)	 1 to 9	 4 to 7	

30 June 2018 (Audited)

	Generators, material handling / transportation vehicles and related equipment	Machines	Total
	(Rupees)		
<b>At July 01, 2017</b>			
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
 Additions	 1,335,204,974	 391,561,526	 1,726,766,500
<b>Disposals</b>			
Cost	(388,976,698)	-	(388,976,698)
Depreciation	265,027,293	-	265,027,293
	(123,949,405)	-	(123,949,405)
 Depreciation charge for the period	 (856,548,609)	 (72,997,447)	 (929,546,056)
Closing net book value	5,690,043,117	1,042,892,649	6,732,935,766
 <b>At June 30, 2018</b>			
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	5,690,043,117	1,042,892,649	6,732,935,766
 Life (Years)	 1 to 9	 4 to 7	



## 7. PAYABLE TO THE MANAGEMENT COMPANY

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. During the period, the Modaraba recorded liability for remuneration amounting to Rs. 5 million (31 March 2018 : amounting to Rs. 5 million). Remuneration based on the annual results shall be paid after the year ending 30 June 2019.

## 8. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured

	31 March 2019 (Unaudited)	30 June 2018 (Audited)
	(Rupees)	
Musharaka finance	2,641,978,945	3,043,988,105
Due within one year	(1,089,954,641)	(1,008,787,702)
	<u>1,552,024,304</u>	<u>2,035,200,403</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

Contingencies outstanding as at 31 March 2019 are as follows:

#### 9.1.1 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 penalty (resulting in the total amount Rs. 13.118 million). 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.

### **9.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba**

On 01 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 02 June 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from 01 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 03 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 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 9 to these condensed interim financial information.

**9.1.3** On 05 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 management, based on a legal advise, believes that the decision will be in its favour.

**9.1.4** 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 Condensed financial statements.

**9.1.5** 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 condensed financial statements.

#### **9.1.6 Workers' Welfare Fund**

The Supreme Court of Pakistan has upheld the view of the Honourable Lahore High Court, declaring the insertion of amendments introduced in the Finance Act 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through the Finance Act. The Federal Board of Revenue has filed a review petition against the above judgment. The petition is currently pending with the Supreme Court of Pakistan.

Furthermore, 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 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 the 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 who has granted a restraining order in favour of the Modaraba. Besides the Modaraba has also obtained a legal opinion which mentions that keeping in view a judgement of the Honourable Supreme Court of Pakistan, which has held that subjects of labour at trans-provincial level falls within the domain of Federal Legislative and not the provincial legislative, the trans-province entities are to be governed under the Federal Workers' Welfare Fund Ordinance rather than under the Sindh Workers' Welfare Fund Act, 2014. The Management of the Modaraba is hopeful of a favourable outcome of its appeal.

The legal advisor has also opined that in view of the matters discussed above, Modaraba is a federal subject but escapes the charging provision because it is not an industrial establishment as defined in the WWF Ordinance.

## 9.2 Commitments

### 9.2.1 Contractual rentals receivable on Ijarah contracts

	31 March 2019 (Unaudited)			30 June 2018 (Audited)		
	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					
Rentals receivable in future	81,464,503	125,522,000	206,986,503	156,865,437	199,472,000	356,337,437

This represents the rentals receivable by the Modaraba in future periods in respect of Ijarah assets given for the period mentioned above.

Note	Nine months period ended		Three months period ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
	(Rupees)		(Rupees)	

## 10. IJARAH RENTALS - net

Ijarah rentals	3,006,428,566	2,847,108,120	974,217,351	973,053,497
Less: Sales tax	(248,524,808)	(231,863,829)	(74,413,900)	(79,419,937)
	2,757,903,758	2,615,244,291	899,803,451	893,633,560

## 11. OPERATION AND MAINTENANCE INCOME - net

Operation and maintenance income	112,615,358	98,517,978	36,270,666	33,029,430
Less: Sindh sales tax	(10,657,856)	(6,877,766)	(3,436,928)	(2,369,457)
	101,957,502	91,640,212	32,833,738	30,659,973

## 12. OPERATING EXPENSES

Salaries, wages and other staff benefits	691,139,325	592,678,442	228,899,228	198,240,209
Depreciation expense	553,864,697	684,036,730	176,811,222	235,549,518
Repairs and maintenance cost	305,987,419	259,699,798	90,143,790	90,099,855
Ijarah rentals	-	9,934,771	-	-
Fleet vehicles running cost	518,939,824	391,255,745	197,249,925	158,485,263
Vehicles running cost	24,443,745	17,729,473	7,345,106	7,170,723
Insurance cost - equipments	30,617,572	29,924,086	9,885,237	9,768,483
Travelling and conveyance	11,326,968	7,250,355	2,395,490	2,484,465
Rent Expense	21,593,022	18,088,889	6,711,972	5,296,629
	2,157,912,572	2,010,598,289	719,441,970	707,095,145

Note	Nine months period ended		Three months period ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
	(Rupees)		(Rupees)	

### 13. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

Salaries, wages and other staff benefits	104,638,090	86,788,086	32,161,648	30,847,869
Vehicle running costs	9,945,861	7,750,045	3,496,078	2,925,150
Travelling and conveyance	4,577,591	4,837,796	2,106,599	1,346,094
Depreciation expense	21,537,580	10,912,489	6,726,351	3,983,290
Amortization expense	1,433,670	1,433,670	477,890	477,891
Legal and professional charges	6,524,785	13,977,441	655,628	10,319,004
Auditors' remuneration	704,581	704,581	159,188	104,581
Telephone, postage and fax charges	5,492,786	4,226,000	1,871,850	1,438,046
Advertisement and sales promotion	920,835	1,545,148	134,291	202,475
Printing and stationery	5,042,325	4,428,239	2,045,946	1,117,184
Insurance cost - vehicles	2,029,105	1,698,371	666,685	548,188
Training, meetings and tender participation	1,453,749	1,026,260	499,094	187,834
Donation	150,000	167,920	-	-
Software development	1,094,840	839,390	2,066	359,878
Entertainment	3,583,711	3,544,606	1,259,308	1,339,375
Utilities	2,347,402	1,953,104	695,782	536,702
Security	2,452,795	2,475,609	898,653	751,221
Miscellaneous	347,544	164,543	228,414	126,160
	<u>174,277,250</u>	<u>148,473,298</u>	<u>54,085,471</u>	<u>56,610,942</u>

### 14. FINANCE COSTS

Financial cost on Diminishing Musharakah and Bai Muajjal financing	200,501,799	168,473,992	72,636,805	56,199,898
Exchange loss / (Gain) - net	4,757,440	1,719,129	-	216,088
Bank charges and commission	<u>2,670,638</u>	<u>3,070,069</u>	<u>861,598</u>	<u>465,917</u>
	<u>207,929,877</u>	<u>173,263,190</u>	<u>73,498,403</u>	<u>56,881,903</u>

### 15. TAXATION

**15.1** 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 it distributes 90% of its profits to its certificate holders for the year after meeting appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves for the year ending 30 June 2019. Accordingly, no provision in respect of current and deferred tax has been made in these condensed interim financial information.

**15.2** The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2018 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

## 16. RELATED PARTY TRANSACTIONS

The related parties comprise of major certificate holders and their close family members, directors of the Modaraba Management Company and their close family members, key management personnel of the Modaraba Management Company, Key Management personal of the Modaraba 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 the Modaraba Regulations. Remuneration of key management personnel are in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

**16.1** Detail of transactions with related parties during the period are as follows:

	<b>Nine months period ended</b>	
	<b>31 March 2019 (Unaudited)</b>	<b>31 March 2018 (Unaudited)</b>
	<b>(Rupees)</b>	
<b>Allied Engineering Management company (Private) Limited (Modaraba Management Company)</b>		
Dividend Paid	39,999,998	52,650,000
Amount received against subscription of right certificate	-	73,499,970
Modaraba Management Company's remuneration	5,000,000	5,000,000
<b>Allied Engineering and Services (Private)Limited (holding company of the Management Company)</b>		
Purchase of assets	76,764,460	68,266,219
Purchase of parts and services	264,257,200	201,306,738
Sale of rental assets and rent revenue	3,836,403	8,872,672
Dividend Paid	138,119,158	127,719,618
Amount received against subscription of right certificate	-	257,468,805
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>		
Contribution to the staff provident fund	10,321,906	8,678,145
Dividend Paid	3,395,335	4,469,111
Amount received against subscription of right certificate	-	6,238,923
<b>Apex Machinery (Private) Limited (Associated Company)</b>		
Purchase of parts and services	91,116,174	-
<b>Allied Commercial Enterprises (Private) Limited (Associated Company)</b>		
Income from ijarah assets	63,187,777	-

16.2 Detail of balances with related parties as at period end are as follows:

	31 March 2019 (Unaudited)	30 June 2018 (Audited)
	(Rupees)	
<b>Allied Engineering Management Company (Private) Limited (Modaraba Management Company)</b>		
Outstanding certificates 43,999,997 ( June 30, 2018: 39,999,998)	439,999,970	399,999,980
Payable to the Modaraba Management Company	17,585,461	12,265,972
<b>Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)</b>		
Outstanding certificates 151,931,073 (June 30, 2018 : 140,119,158)	1,519,310,730	1,401,191,580
Payable against purchase of parts and services	408,800,329	287,878,649
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>		
Outstanding certificates 3,734,868 (June 30, 2018: 3,395,335)	37,348,680	33,953,350
<b>Apex Machinery (Private) Limited (Associated Company)</b>		
Payable against purchase of parts and services	35,311,294	10,315,427
<b>Allied Commercial Enterprises (Private) Limited (Associated Company)</b>		
Ijarah rental receivable	22,045,566	20,009,023

## 17. GENERAL

17.1 The figures in this condensed interim financial information has been rounded off to the nearest Rupee.

17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant rearrangements or reclassifications in this condensed interim financial information.

## 18. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on April 25, 2019.




**Muhammad Saad**  
Chief Financial Officer



**Murtaza Ahmed Ali**  
Chief Executive



**Khwaja Ahad Rahman**  
Director



**Syed Feisal Ali**  
Director





**ALLIED** PAV **Rental**  
STORE

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