

## Directors' Report

For the period ended March 31, 2020

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, 2020.

### Financial Highlights

Rs in '000

Investment in Ijarah assets	6,210,710
Total Revenue	2,636,240
Net profit for the period	216,216
Net profit margin	8.2%
Return on equity	4.1%
Current Ratio	0.99:1
Earning per certificate	Rs. 0.98
Break-up value per certificate	Rs. 24.23

### **Review of Operations**

Pakistan's economy was already going through tough times even before advent of COVID -19 and resultantly translated the impact into the results of the Modaraba also. Both revenue and profitability showed a dip during the nine months period and the Revenue is reported at Rs. 2,636 million from Rs. 2,860 million in the corresponding period last year, whereas, the Profit for the same period closed at Rs. 216 Million.

Inbound and out bound Logistics sales maintained its levels and closed to Rs. 1,240 Million in the nine months period ended March 2019 against corresponding period sales of Rs. 1,266 Million. The slowing down of the economic growth and the Government targeting a growth rate of less than 3% have brought the overall business environment to a stagnant position. 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 in the short term.

Sales from our Machines and Cranes segment contributed Rs. 372 Million during the period compared to Rs. 392 Million for the corresponding period last year. Sales decline in this segment is the reflection of slashing of the infrastructure budgets by the government, lower GDP forecasts and non-payment of contractor's bills resulting in accumulation of receivables. However, With CATERPILLAR brand name and our satisfactory service levels 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.

The dip in revenue also strike our Power Generation segment and with 15% decline. This is mainly due to overall lower deployment and completion of our old long-term BOT projects. No new investment is

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. In fact, now the focus is the reduce our overall Assets level to bring them in line with reduced forecasted demand in the future due to overall slump in the economy and COVID 19 impact.

The decline in revenue was well compensated by decrease in our Operating costs which closed at Rs 1,947 Million from Rs. 2,158 Million of the corresponding figure last year. The overall decrease was monitored at 10% with travelling and conveyance showed 60% reduction followed by Repair and maintenance reducing 23% from the levels of corresponding period last year. Salaries and wages expenses showed a decline of 6%. The strict cost cutting measures adopted by the management are the main reasons behind these results. Depreciation for the period was Rs 339 Million as compared to Rs. 554 Million of corresponding period last year.

Despite inflationary pressures the Administrative and Distribution expenses maintained their level and closed with a dip of 1% as compared to the corresponding period which is in line with cost cutting measure adopted by the management.

Despite significant drop of Rs 578 Million in total borrowing compared to June 30, 2019, markup costs went up by Rs. 29 Million in the current quarter, mainly on account of increase in KIBOR Base rate as compared to corresponding period last year.

### **Future Prospects**

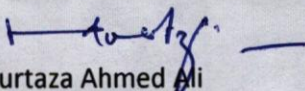
Subsequent the outbreak of COVID – 19 in China in December 2019 and its spread across the globe at such alarming rates has brought the economic activity all across the globe to an almost stand still level. Pakistan economy was already suffering from various issues and with further contraction in the economy due to COVID 19, GDP is expected to close in the negative 1.5% zone, with its negative impacts on our business forecasts and new investment potentials. Going forward, the circumstances will be challenging, however, the actions taken by Government to announce relief packages for different sections of the economy and specially the SBP back to back cuts in policy rates and deferment in the repayment of principal amounts have eased liquidity issues to the businesses in the short run. The FBR and the Government must also ensure immediate payment of all pending Income tax and FED refunds forthwith.

Further, the strength of Caterpillar brand name and our strategy of continuous investment in prior years on new technologies, new products, new markets and new segments perfectly position us as the lowest Capital Cost Rental set up in the country for all business segments. This gives us a huge competitive edge in terms of meeting the price challenges of the market and offering effective prices to our customers in this challenging business environment.

### **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 30, 2020

## ڈائریکٹرز کی رپورٹ

برائے مدتِ مختتمہ 31 مارچ 2020

الائیڈرینٹل مضاربہ کی منتظمہ کمپنی الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز اپنے سٹیٹیکٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ مع مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے نو ماہِ مختتمہ 31 مارچ 2020 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

000 روپے میں

مالیاتی جھلکیاں

6,210,710

اجارہ اثاثہ جات میں سرمایہ کاری

2,636,240

کل آمدنی

216,216

منافع برائے مذکورہ مدت

8.2%

خالص منافع کا فرق

4.1%

ایکویٹی پر منافع

0.99:1

موجودہ شرح

Rs. 0.98

فی سٹیٹیکٹ آمدنی

Rs. 24.23

فی سٹیٹیکٹ بریک اپ ویلیو

## کاروباری عمل کا جائزہ

Covid-19 سے پہلے بھی پاکستانی معیشت نہایت مشکلات کا شکار تھی۔ آگے چل کر مضاربہ کو حالات میں مزید چیلنجز سامنے آئیں گی۔ آمدنی اور منفعت، دونوں لحاظ سے منفی رجحان رہا اور نو ماہ کی مدت کے دوران میں آمدنی گزشتہ سال کی اسی مدت کی رقم 2,860 ملین روپے سے کم ہو کر 2,636 ملین روپے ہو گئی جب کہ اس مدت کے اختتام پر منافع 216 ملین روپے رہا۔

مارچ 2020 کو ختم ہونے والی نو ماہ کی مدت میں داخلی اور خارجی لاجسٹکس کی سیلز 1,240 روپے ہو گئی جب کہ گزشتہ اسی مدت کی سیلز 1266 ملین روپے تھی۔ معیشت کی سست روی اور حکومت کی طرف سے معیشت میں اضافے کی شرح کا ہدف 3% سے بھی کم رکھنے کی وجہ سے معیشت مجموعی طور پر جمود کا شکار رہی 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۔

اس مدت میں ہمارے مشین اور کرینز کے شعبہ میں فروخت سے 372 ملین روپے حاصل ہوئے جبکہ گزشتہ سال اسی مدت میں 392 ملین روپے کی فروخت ہوئی تھی۔ اس شعبہ میں فروخت میں کمی کا بڑا سبب انفراسٹرکچر کے بجٹ میں کٹوتی، کم ترجی ڈی پی کی توقعات اور کنٹریکٹرز کے بلوں کی عدم ادائیگی ہے جس کے نتیجے میں قابل وصول رقوم میں اضافہ ہو گیا۔ اگرچہ ہم نے بعض اچھے تعمیراتی منصوبوں میں تعین کی ہے لیکن ایک مرتبہ پھر مجموعی طور پر اس شعبہ میں ہم مستقبل کی سرمایہ کاری سے اس وقت تک گریزاں ہیں جب تک ہم پروفاقی حکومت کی سطح پر ترقیاتی بجٹ کے خدو خال واضح نہ ہو جائیں۔

پاور جنریشن کے شعبہ کی سیلز میں 15% کمی آئی جس کی وجہ ہمارے مجموعی طور پر کم تعین اور ہمارے پرانے طویل المدت BOT منصوبوں کا پایہ تکمیل کو پہنچ جانا تھی۔ 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 ہم محسوس کر رہے ہیں کہ COVID-19 کی وجہ سے طلب میں کمی کا رجحان رہے گا اور ہم اپنے موجودہ بیڑے کا سائز طلب کے مطابق کرنے کا ارادہ رکھتے ہیں۔

کاروباری عمل کو جاری رکھنے کے اخراجات گزشتہ مدت کے 2,158 ملین روپے سے 10% کم ہو کر اس مدت میں 1,947 ملین روپے ہو گئے۔ جبکہ آمدورفت کے اخراجات 60% اور ہمارے بیڑے کی گاڑیوں کے چلنے کے اخراجات گزشتہ سال کی اسی مدت کے مقابلے میں 23% سے کم ہوئے۔ گزشتہ سال کی اسی مدت کے مقابلے میں تنخواہوں اور اجرتوں کی رقم تقریباً 6% کم رہی اس کی وجہ انتظامیہ کے اقدامات ہیں۔ اس مدت میں فرسودگی کے اخراجات نو ماہ کی مدت کے دوران میں گزشتہ سال کی اسی مدت کی رقم 554 ملین روپے سے کم ہو کر 339 ملین روپے ہو گئی۔

افراط زر کے دباؤ کے باوجود انتظامی امور اور تقسیم کاری کے اخراجات 1% کم رہے۔ اس کی وجہ انتظامیہ کے سخت اقدامات ہیں۔

30 جون 2019 کے مقابلے میں مجموعی طور پر قرضہ جات کے حصول میں 578 ملین روپے کی کمی آنے کے باوجود موجودہ اس مدت میں مارک اپ کے اخراجات میں 29 ملین روپے تک کا اضافہ ہوا جس کی وجہ KIBOR پر مبنی ریٹس میں اضافہ تھی۔

مستقبل کے امکانات

دسمبر 2019 میں چین کے مرکزی حصے میں COVID-19 کی وبا پھوٹ پڑنے کے بعد دنیا بھر میں اس کا دائرہ خطرناک حد تک

تیزی سے پھیلنا شروع ہو گیا جس سے تقریباً تمام معاشی اور سماجی سرگرمیاں حقیقی طور پر بند ہو گئیں۔ معیشت کی موجودہ سست روی کے پیش نظر، ہم نے اپنی متوقع سرمایہ کاری کو کم رکھا ہے اور ہم اپنے ریٹیل 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 سیلز کی لاگت بھی زیادہ ہوگی۔

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، رجسٹرار مضاربہ، 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

مرتضی احمد علی

چیف ایگزیکٹو

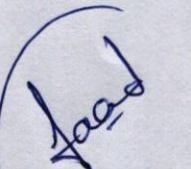
30 اپریل 2020

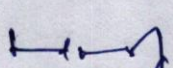
**Condensed Interim Statement of Financial Position (Unaudited)**  
As at March 31, 2020

	Note	Unaudited	Audited
		Mar 31, 2020	Jun 30, 2019
(Rupees)			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		60,939,851	50,644,643
Ijarah rentals receivable		1,073,977,607	1,235,580,096
Operation and maintenance income receivable		29,633,741	27,781,979
Advances, deposits, prepayments and other receivable		822,013,022	732,291,991
Spare parts		162,756,372	136,361,764
		<u>2,149,320,593</u>	<u>2,182,660,473</u>
<b>Non-current assets</b>			
Long term security deposits		50,000	50,000
Fixed assets in own use - tangible		127,751,168	139,827,871
Intangible asset for own use	6	2,553,141	4,215,005
Ijarah assets		6,210,709,902	6,434,721,942
Capital work-in-progress		162,702,725	67,562,112
		<u>6,503,766,936</u>	<u>6,646,376,930</u>
<b>Total assets</b>		<u>8,653,087,529</u>	<u>8,829,037,403</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current maturity of liability against right of use assets		9,220,890	-
Creditors, accrued and other liabilities		1,065,257,232	822,717,854
Running musharaka - secured		67,416,259	-
Payable to the Modaraba Management Company	7	83,899,383	24,228,441
Current maturity of diminishing musharaka financing payable - secured	8	869,208,992	1,038,625,290
Current portion of security deposits		67,542,600	95,810,000
		<u>2,162,545,356</u>	<u>1,981,381,585</u>
<b>Non-current liabilities</b>			
Diminishing musharaka financing payable - secured	8	966,954,477	1,375,976,897
Deferred liability for staff gratuity		95,638,521	84,196,492
Other long-term employee benefit		17,403,096	26,820,323
Security deposits		24,558,731	27,123,732
Liability against right of use assets		56,232,829	-
		<u>1,160,787,654</u>	<u>1,514,117,444</u>
<b>Total liabilities</b>		<u>3,323,333,010</u>	<u>3,495,499,029</u>
<b>NET ASSETS</b>		<u>5,329,754,519</u>	<u>5,333,538,374</u>
<b>FINANCED BY: CAPITAL AND RESERVES</b>			
<b>Authorized certificate capital</b>			
225,000,000 (30 June 2019: 225,000,000) modaraba certificates of Rs.10 each		2,250,000,000	2,250,000,000
<b>Issued, subscribed and paid-up certificate capital</b>			
220,000,000 (30 June 2019: 200,000,000) modaraba certificates of Rs.10 each		2,200,000,000	2,200,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory reserve		1,651,657,095	1,614,386,450
Unappropriated profit		222,384,924	263,439,424
		<u>5,329,754,519</u>	<u>5,333,538,374</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
9			

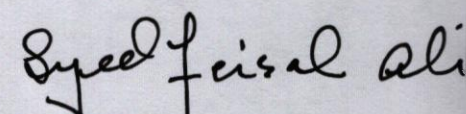
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive

  
Ali Anwar  
Director


  
Syed Feisal Ali  
Director

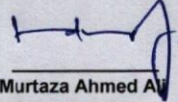
**Condensed Interim Statement of Profit and Loss Account (Unaudited)**  
For the nine months period ended March 31, 2020

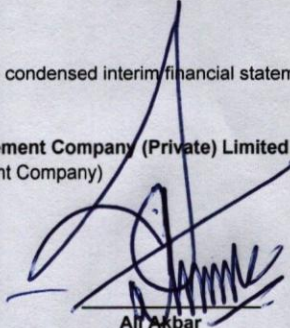
	Note	Nine months period ended		Three months period ended	
		Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
		(Rupees)		(Rupees)	
Ijarah rentals	10	2,537,487,679	2,757,903,758	797,952,439	899,803,451
Operation and maintenance income	11	98,752,478	101,957,502	32,285,179	32,833,738
		<u>2,636,240,157</u>	<u>2,859,861,261</u>	<u>830,237,618</u>	<u>932,637,190</u>
Operating expenses	12	(1,947,139,059)	(2,157,912,572)	(592,436,857)	(719,441,970)
<b>Gross Profit</b>		<u>689,101,098</u>	<u>701,948,689</u>	<u>237,800,761</u>	<u>213,195,220</u>
Administrative and distribution expenses	13	(172,688,136)	(174,277,250)	(52,298,605)	(54,085,471)
Provision against potential Ijarah losses and operation and maintenance income		(86,194,511)	(55,902,016)	(35,000,000)	(10,000,000)
Finance costs	14	(237,123,511)	(207,929,877)	(75,384,980)	(73,498,403)
Other income		33,121,205	101,548,493	(2,983,611)	7,430,989
		<u>(462,884,953)</u>	<u>(336,560,650)</u>	<u>(165,667,196)</u>	<u>(130,152,885)</u>
		<u>226,216,145</u>	<u>365,388,038</u>	<u>72,133,565</u>	<u>83,042,334</u>
Modaraba Management Company's remuneration		(10,000,000)	(5,000,000)	(5,000,000)	-
		<u>216,216,145</u>	<u>360,388,038</u>	<u>67,133,565</u>	<u>83,042,334</u>
Workers' welfare fund		-	-	-	-
<b>Profit for the period before taxation</b>		<u>216,216,145</u>	<u>360,388,038</u>	<u>67,133,565</u>	<u>83,042,334</u>
Taxation	15	-	-	-	-
<b>Profit for the period after taxation</b>		<u>216,216,145</u>	<u>360,388,038</u>	<u>67,133,565</u>	<u>83,042,334</u>
Earnings per certificate - basic & diluted		<u>0.98</u>	<u>1.64</u>	<u>0.31</u>	<u>0.38</u>

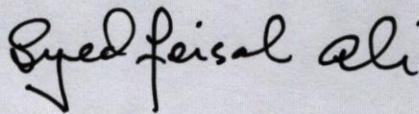
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive

  
Ali Akbar  
Director

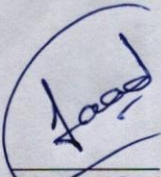
  
Syed Feisal Ali  
Director

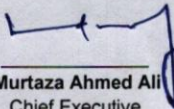
**Condensed Interim Statement of Comprehensive Income (Unaudited)**  
 For the nine months period ended March 31, 2020

	Nine months period ended		Three months period ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	(Rupees)		(Rupees)	
Profit for the period after taxation	216,216,145	360,388,038	67,133,565	83,042,334
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>216,216,145</b>	<b>360,388,038</b>	<b>67,133,565</b>	<b>83,042,334</b>

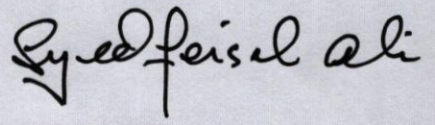
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
 Muhammad Saad  
 Chief Financial Officer

  
 Murtaza Ahmed Ali  
 Chief Executive

  
 Ali Akbar  
 Director


  
 Syed Feisal Ali  
 Director

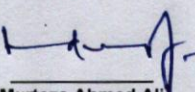
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
For the nine months period ended March 31, 2020

	Issued Subscribed & Paid up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un- appropriated profit	Total
	(Rupees)				
Balance as at June 30, 2018	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)	-
Balance as at March 31, 2019	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>1,599,361,656</u>	<u>254,608,140</u>	<u>5,309,682,296</u>
Total comprehensive income for the three months period ended June 30, 2019	-	-	-	23,856,078	23,856,078
Transfer to statutory (mandatory) reserve	-	-	15,024,794	(15,024,794)	-
Balance as at June 30, 2019	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>1,614,386,450</u>	<u>263,439,424</u>	<u>5,333,538,374</u>
Profit distribution for the year ended June 30, 2019 @ Rs. 1.00 per certificate	-	-	-	(220,000,000)	(220,000,000)
Total comprehensive income for the nine months period ended March 31, 2020	-	-	-	216,216,145	216,216,145
Transfer to statutory (mandatory) reserve	-	-	37,270,645	(37,270,645)	-
Balance as at March 31, 2020	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>1,651,657,095</u>	<u>222,384,924</u>	<u>5,329,754,519</u>

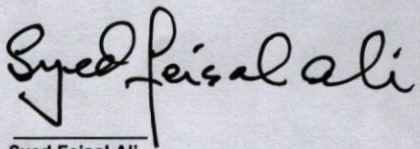
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive


  
Ali Akbar  
Director

  
Syed Feisal Ali  
Director


**Condensed Interim Cash Flow Statement (Unaudited)**  
For the nine months period ended March 31, 2020

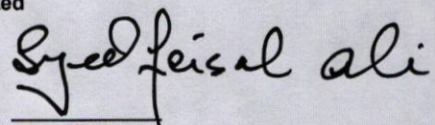
	Nine months period ended	
	Mar 31, 2020	Mar 31, 2019
(Rupees)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	216,216,145	360,388,038
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	419,808,557	576,835,947
Provision for deferred liabilities - gratuity	11,770,393	8,096,203
Financial charges including bank charges	237,123,511	207,929,877
Reversal of provision against long term employee benefits	(9,261,227)	-
Loss / (Profit) on disposal of Ijarah assets	(4,842,480)	(78,390,536)
Loss / (Profit) on disposal of fixed assets in own use	(422,120)	(378,742)
	<b>870,392,779</b>	<b>1,074,480,787</b>
<b>(Increase) / decrease in assets</b>		
Ijarah rentals receivable	191,753,398	65,188,060
Operation and maintenance income receivable	(32,002,671)	(30,420,876)
Advances, deposits and other receivable	(89,721,030)	(135,990,809)
Diminishing Musharaka financing	-	967,729
Spare parts	(26,394,608)	(38,839,119)
Long-term security deposits	-	-
	<b>43,635,089</b>	<b>(139,095,015)</b>
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities (excluding accrued financial charges)	238,596,616	191,339,964
Payable to the Modaraba Management Company	59,670,942	5,319,489
Security Deposits	(30,832,400)	(3,689,268)
	<b>267,435,158</b>	<b>192,970,185</b>
<b>Cash generated from / (utilised in) operations</b>	<b>1,181,463,026</b>	<b>1,128,355,957</b>
Gratuity paid	(328,364)	-
Compensated absence paid	(156,000)	(431,532)
Financial charges paid	(233,180,749)	(225,511,047)
	<b>(233,665,113)</b>	<b>(225,942,579)</b>
<b>Net cash flows from operating activities</b>	<b>947,797,913</b>	<b>902,413,378</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(372,940,010)	(455,180,637)
Proceeds from disposal of fixed assets in own use	1,091,100	10,690,981
Proceeds from disposal of Ijarah assets	99,914,946	129,899,569
<b>Net cash flows from investing activities</b>	<b>(271,933,964)</b>	<b>(314,590,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Diminishing Musharaka financing availed	234,393,756	401,377,169
Repayment of Diminishing Musharaka financing	(812,832,474)	(803,386,329)
Expenses against issuance of bonus / right certificates	-	(1,242,311)
Running Musharaka facility availed	67,416,259	-
Repayment of lease liability against ROUA assets	65,453,719	-
Dividend paid	(220,000,000)	(200,000,000)
<b>Net cash flows from financing activities</b>	<b>(665,568,740)</b>	<b>(603,251,471)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,295,209</b>	<b>(15,428,180)</b>
Cash and cash equivalents at the beginning of the period	50,644,642	91,230,838
<b>Cash and cash equivalents at the end of the period</b>	<b>60,939,851</b>	<b>75,802,658</b>

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

  
Muhammad Saad  
Chief Financial Officer

For Allied Engineering Management Company (Private) Limited  
(Management Company)  
  
Murtaza Ahmed Ali  
Chief Executive

  
Ali Akbar  
Director

  
Syed Feisal Ali  
Director

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

For the nine months period ended 31 March 2020

### 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+ rating to the Modaraba.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial information of the Modaraba for the six months period ended 31 December 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 statement of the Modaraba for the year ended 30 June 2019.
- 2.3 These condensed interim financial information comprise of the balance sheet as at 31 December 2019 and profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the six months period ended 31 December 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 31 December 2019 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2019, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the six months period ended 31 December 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 2019.

**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 2019 but are considered not to be relevant or to have any significant effect on this unconsolidated 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 2019.

**5. FINANCIAL RISK MANAGEMENT**

The Modaraba's financial risk management objectives and polices are consistent with those disclosed in the audited financial statements as at and for the year ended 30 June 2019.

6. IJARAH ASSETS	Note	31 March	30 June
		2020 (Unaudited)	2019 (Audited)
Right to use assets		60,809,875	-
Ijarah assets - at cost less accumulated depreciation	6.1	6,149,900,027	6,434,721,942
		<u>6,210,709,902</u>	<u>6,434,721,942</u>

6.1 Ijarah assets - at cost less accumulated depreciation

	(Unaudited) March 31, 2020			
	Generators and related equipments	Logistics vehicles	Machines	Total
At 01 July 2019	----- (Rupees) -----			
Cost	7,614,383,636	2,099,273,123	1,256,188,343	10,969,845,102
Accumulated depreciation	(3,607,612,314)	(668,489,379)	(259,021,467)	(4,535,123,160)
Net book value	<u>4,006,771,322</u>	<u>1,430,783,744</u>	<u>997,166,876</u>	<u>6,434,721,942</u>
Additions	135,719,561	59,555,560	4,397,901	199,673,021
Disposals				
Cost	(582,981,545)	(29,706,848)	(8,961,600)	(621,649,993)
Accumulated depreciation	507,268,349	12,139,898	7,169,280	526,577,527
	<u>(75,713,196)</u>	<u>(17,566,950)</u>	<u>(1,792,320)</u>	<u>(95,072,466)</u>
Depreciation charge for the year	(235,127,781)	(87,118,850)	(67,175,840)	(389,422,470)
Closing net book value	<u>3,831,649,906</u>	<u>1,385,653,504</u>	<u>932,596,617</u>	<u>6,149,900,027</u>
At 31 March 2020				
Cost	7,167,121,651	2,129,121,835	1,251,624,644	10,547,868,130
Accumulated depreciation	(3,335,471,745)	(743,468,331)	(319,028,027)	(4,397,968,103)
Net book value	<u>3,831,649,906</u>	<u>1,385,653,504</u>	<u>932,596,617</u>	<u>6,149,900,027</u>
Life (Years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	
	(Audited) June 30, 2019			
At 01 July 2018	----- (Rupees) -----			
Cost	7,628,065,059	1,889,747,859	1,209,541,753	10,727,354,670
Accumulated depreciation	(3,364,461,229)	(463,308,573)	(166,649,104)	(3,994,418,905)
Net book value	<u>4,263,603,830</u>	<u>1,426,439,286</u>	<u>1,042,892,649</u>	<u>6,732,935,765</u>
Additions	228,905,165	211,096,471	46,646,590	486,648,226
Disposals				
Cost	(242,586,588)	(1,571,208)	-	(244,157,796)
Accumulated depreciation	178,264,342	92,086	-	178,356,428
	<u>(64,322,246)</u>	<u>(1,479,122)</u>	<u>-</u>	<u>(65,801,368)</u>
Depreciation charge for the year	(421,415,427)	(205,272,893)	(92,372,363)	(719,060,682)
Closing net book value	<u>4,006,771,322</u>	<u>1,430,783,743</u>	<u>997,166,876</u>	<u>6,434,721,941</u>
At 30 June 2019				
Cost	7,614,383,636	2,099,273,123	1,256,188,343	10,969,845,102
Accumulated depreciation	(3,607,612,314)	(668,489,379)	(259,021,467)	(4,535,123,160)
Net book value	<u>4,006,771,322</u>	<u>1,430,783,744</u>	<u>997,166,876</u>	<u>6,434,721,942</u>
Life (Years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	

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. 10 million (31 March 2019 : Rs. 5 million). Remuneration based on the annual results shall be paid after the year ending 30 June 2020.

8. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured	Note	31 March	30 June
		2020 (Unaudited)	2019 (Audited)
		(Rupees)	
Musharaka finance	8.1	1,836,163,469	2,414,602,187
Due within one year		(869,208,992)	(1,038,625,290)
		<u>966,954,477</u>	<u>1,375,976,897</u>
8.1 Financing from Islamic banking and financial institutions		1,787,185,207	2,331,460,854
Financing from Modarabas		48,978,262	83,141,333
		<u>1,836,163,469</u>	<u>2,414,602,187</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Contingencies outstanding as at 31 March 2020 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 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.

Tribunal disposed of the appeal in favour of the Modaraba. However, the Commissioner demanded the said tax dues along with default surcharge. Modaraba 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, subsequently the court disposed of the petition with direction to approach Commissioner Appeals - SRB for the decision.

During the year the Commissioner Appeal issued an Order-in-Appeal No. 89/2019 dated 23 April 2019 against the Modaraba and directed the tax officer to work out the sales tax liability on the 'equipment rental agreements' along with the default surcharge considering it taxable under tariff heading "Commodity or equipment leasing" by also setting aside tax officers' grounds to charge tax under the category of "Contractual execution of work or furnishing supplies".

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

The Management based on the consultation with its advisor believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision has been made in these condensed interim financial information.

**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 Sales Tax on reimbursement of salary to Contractual Staff**

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 amount involved in respect of this amendment is estimated to be of Rs. 84.680 million as of 31 December 2019. The management, based on a legal advise, believes that the decision will be in its favour.

**9.1.4** The Commissioner has demanded, through assessment order no. 11/30 of 2019 dated 26 April 2019 and order no. 01 of 2018 dated 27 June 2018, sales tax amounting to Rs. 21.47 million and Rs. 26.228 million in respect of disposal of ijarah asset during the year ended 2015 and 2014 against sales value of Rs. 126.28 million and Rs. 156.64 million respectively. Modaraba has filed an appeal with Commissioner (Appeal) and paid ten percent of the demanded amounts. 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.

**9.1.5** 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 appeal preferred in respect of assets sold in the year 2014 was heard on 1 November 2018 however no order was issued, furthermore the assets sold during the year 2015 is yet to be heard. 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.

**9.1.6 Workers' Welfare Fund**

The Sindh Revenue Board (SRB) had written to the Modaraba in February 2016 to register and pay Sindh Workers Welfare Fund (SWWWF). 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 SWWWF 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 SWWWF, 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 SWWWF 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 SWWWF 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.

**9.2 Commitments**

**9.2.1 Contractual rentals receivable on Ijarah contracts**

	31 March 2020 (Unaudited)			30 June 2019 (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) -----			----- (Rupees) -----		
Rentals receivable in future	123,092,000	131,715,000	254,807,000	74,884,000	245,004,500	319,888,500

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

	Nine months period ended		Three months period ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	(Rupees)		(Rupees)	
<b>10. IJARAH RENTALS - net</b>				
Ijarah rentals	2,795,024,336	3,006,428,566	879,982,451	974,217,351
Less: Sales tax	(257,521,657)	(248,524,808)	(82,015,012)	(74,413,900)
	<u>2,537,502,679</u>	<u>2,757,903,758</u>	<u>797,967,439</u>	<u>899,803,451</u>
<b>11. OPERATION AND MAINTENANCE INCOME - net</b>				
Operation and maintenance income	108,585,731	112,615,358	34,900,612	36,270,666
Less: Sindh sales tax	(9,833,253)	(10,657,856)	(2,615,433)	(3,436,928)
	<u>98,752,478</u>	<u>101,957,502</u>	<u>32,285,179</u>	<u>32,833,738</u>
<b>12. OPERATING EXPENSES</b>				
Salaries, wages and other staff benefits	652,025,821	691,139,325	192,676,036	228,899,228
Depreciation expense	399,117,080	553,864,697	132,251,176	176,811,222
Repairs and maintenance cost	236,537,642	305,987,419	57,105,483	90,143,790
Fleet vehicles running cost	585,471,532	518,939,824	190,965,213	197,249,925
Vehicles running cost	31,637,173	24,443,745	8,411,764	7,345,106
Insurance cost - equipments	29,319,254	30,617,572	8,908,276	9,885,237
Travelling and conveyance	13,030,557	32,919,990	2,118,909	9,107,462
	<u>1,947,139,059</u>	<u>2,157,912,572</u>	<u>592,436,857</u>	<u>719,441,970</u>
<b>13. ADMINISTRATIVE AND DISTRIBUTION EXPENSES</b>				
Salaries, wages and other staff benefits	98,895,172	104,638,092	31,681,570	32,161,650
Vehicle running costs	11,772,997	9,945,861	2,198,787	3,496,076
Travelling and conveyance	2,538,791	4,577,591	459,690	2,106,599
Depreciation expense	19,029,613	21,537,580	6,273,566	6,726,351
Amortization expense	1,661,864	1,433,670	591,988	477,890
Legal and professional charges	6,318,150	6,524,784	1,046,668	655,628
Auditors' remuneration	577,683	704,581	-	159,188
Telephone, postage and fax charges	5,618,525	5,492,786	1,847,728	1,871,850
Advertisement and sales promotion	968,392	920,834	765,385	134,291
Printing and stationery	4,024,182	5,042,325	628,232	2,045,946
Insurance cost - vehicles	2,244,776	2,029,105	702,209	666,685
Training, meetings and tender participation	1,059,490	1,453,749	427,695	499,094
Donation	103,000	150,000	25,000	-
Software development	629,275	1,094,840	520,769	2,066
Entertainment	4,348,619	3,583,711	1,156,070	1,259,308
Utilities	6,996,884	2,347,402	2,250,272	695,782
Security	4,402,355	2,452,795	1,666,576	898,653
Miscellaneous	1,498,368	347,544	56,400	228,414
	<u>172,688,136</u>	<u>174,277,250</u>	<u>52,298,605</u>	<u>54,085,471</u>
<b>14. FINANCE COSTS</b>				
Financial cost on Diminishing Musharaka	223,287,526	200,501,799	69,769,191	72,636,805
Financial cost on Running Musharaka financing arrangement	4,807,276	-	2,641,075	-
Finance cost on liability against right of use Assets	8,085,035	-	2,297,665	-
Exchange loss / (Gain) - net	(930,539)	4,757,440	204,364	-
Bank charges and commission	1,874,213	2,670,638	472,685	861,598
	<u>237,123,511</u>	<u>207,929,877</u>	<u>75,384,980</u>	<u>73,498,403</u>
<b>15. TAXATION</b>				
<b>15.1</b>	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 2020. Accordingly, no provision in respect of current and deferred tax has been made in these condensed interim financial information.			
<b>15.2</b>	The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2019 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:

	Unaudited	
	Nine months period ended	
	March 31, 2020	March 31, 2019
<b>(Rupees)</b>		
<b>Allied Engineering Management company (Private) Limited (Modaraba Management Company)</b>		
Dividend Paid	43,999,997	39,999,998
Amount received against subscription of right certificate	-	-
Modaraba Management Company's remuneration	10,000,000	5,000,000
<b>Allied Engineering and Services (Private)Limited (holding company of the Management Company)</b>		
Purchase of assets	27,643,265	76,764,460
Purchase of parts and services	267,201,504	264,257,200
Sale of rental assets and rent revenue	1,655,914	3,836,403
Dividend Paid	151,931,073	138,119,158
Amount received against subscription of right certificate	-	-
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>		
Contribution to the staff provident fund	11,505,716	10,321,906
Dividend Paid	3,734,868	3,395,335
Amount received against subscription of right certificate	-	-
<b>Apex Machinery (Private) Limited (Associated Company)</b>		
Purchase of parts and services	15,274,246	91,116,174
<b>Allied Commercial Enterprises (Private) Limited (Associated Company)</b>		
Income from ijarah assets	30,628,289	63,187,777

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

	Unaudited Mar 31, 2020	Audited Jun 30, 2019
(Rupees)		
<b>Allied Engineering Management Company (Private) Limited (Modaraba Management Company)</b>		
Outstanding certificates 43,999,997 ( June 30, 2019: 43,999,997)	<u>439,999,970</u>	<u>439,999,970</u>
Payable to the Modaraba Management Company	<u>83,899,383</u>	<u>24,228,441</u>
<b>Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)</b>		
Outstanding certificates 151,931,073 (June 30, 2019 : 151,931,073)	<u>1,519,310,730</u>	<u>1,519,310,730</u>
Payable against purchase of parts and services	<u>631,860,523</u>	<u>457,313,790</u>
<b>Allied Engineering and Services (Private) Limited - Staff Provident Fund</b>		
Outstanding certificates 3,734,868 (June 30, 2019: 3,734,868)	<u>37,348,680</u>	<u>37,348,680</u>
<b>Apex Machinery (Private) Limited (Associated Company)</b>		
Payable against purchase of parts and services	<u>4,799,613</u>	<u>14,525,269</u>
<b>Allied Commercial Enterprises (Private) Limited (Associated Company)</b>		
Ijarah rental receivable	<u>14,612,344</u>	<u>164,939</u>

17. GENERAL

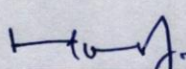
- 17.1 The figures in this condensed interim financial information has been rounded off to the nearest Rupee.
- 17.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant rearrangements or reclassifications in this condensed interim financial information.

18. DATE OF AUTHORISATION

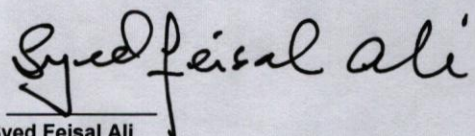
These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on April 30, 2020.

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

  
Muhammad Saad  
Chief Financial Officer

  
Murtaza Ahmed Ali  
Chief Executive

  
Ali Akbar  
Director

  
Syed Feisal Ali  
Director