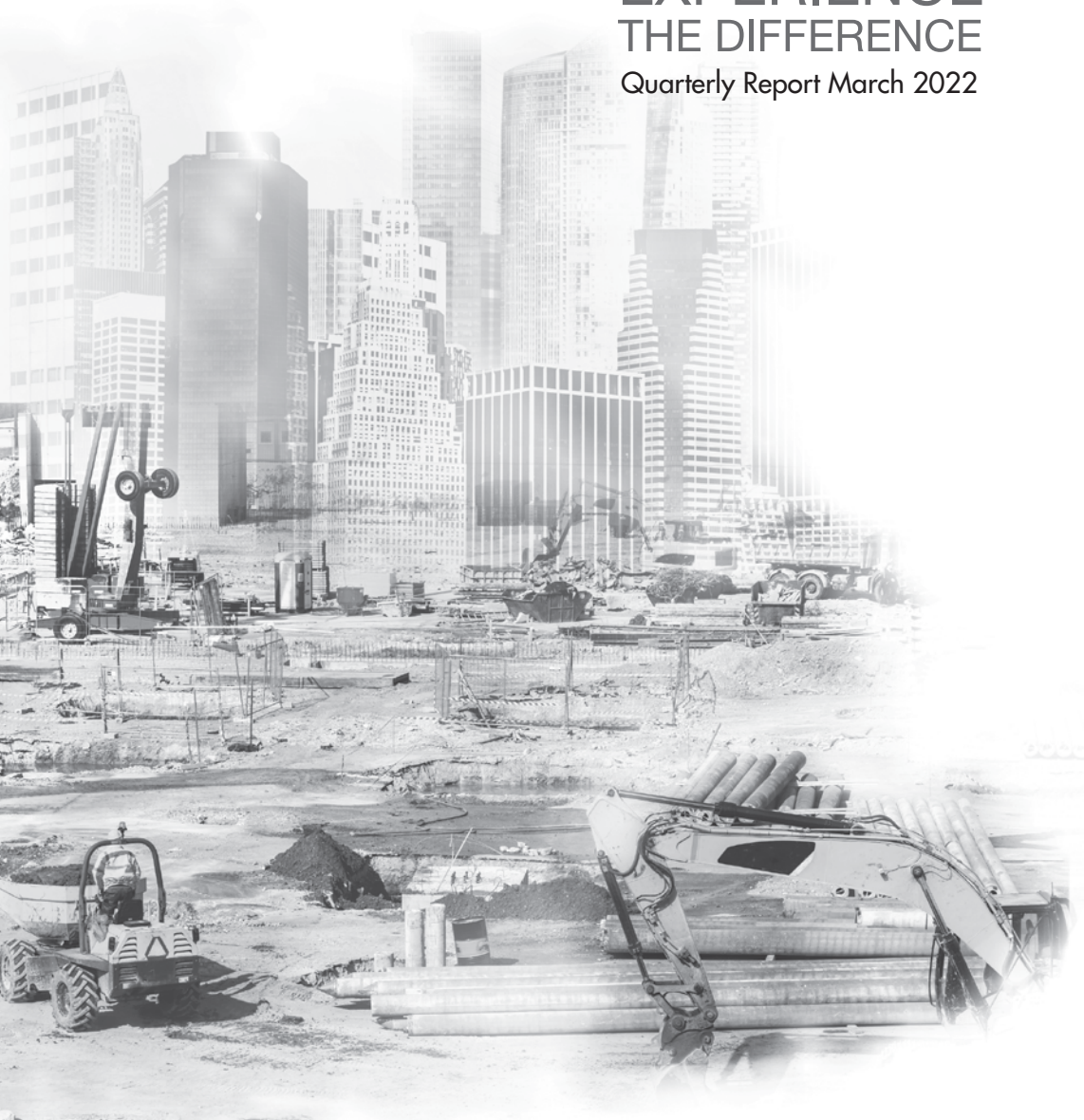


ALLIED  Rental
STORAGE

Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

EXPERIENCE
THE DIFFERENCE
Quarterly Report March 2022



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Modaraba Information

Board of Directors

Syed Feisal Ali
Chairman

Mr. Murtaza Ahmed Ali
Chief Executive

Mr. Khwaja Ahad Rahman
Non - Executive Director

Mrs. Saira Nasir (Independent)
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

Askari Bank Limited

Habib Bank Limited

Bank Alfalah Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Islamic Bank Limited

United Bank Limited

First Habib Modaraba

Meezan Bank Limited

Al Baraka Bank Limited

Dubai Islamic Bank

Bank Al Habib Limited

Allied Bank Limited

Auditors

KPMG Taseer Hadi & Co. Chartered
Accountants

Credit Rating Appraiser

JCR - VIS Credit Rating Company Limited

Shari'ah Advisor

Mufti Irshad Ahmad Aijaz

Legal Advisor

Mr. Khalil Ahmed Siddiqui, Advocate

Registered & Head office

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

Website: www.arm.com.pk

Registrar & Certificate Transfer Office

JWAFFS Registrar Services (Private) Limited
407-408, Al-Ameera Centre, Shahrah-e-Iraq,
Saddar, Karachi.

Tel: 021-35662023-24

Fax: 021-35221192

Directors' Report

For the period ended March 31, 2022

The Board of Directors of Allied Engineering Management Company (Private) Limited, the Management Company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with un-audited accounts of the Modaraba for the Nine months' period ended March 31, 2022.

Financial Highlights	Rs. in '000
Investment in Ijarah assets	5,726,347
Total Revenue	3,303,005
Net profit for the period	410,766
Net profit margin	12.44%
Return on equity	8.27%
Current Ratio	1.27:1
Earning per certificate	Rs. 1.87
Break-up value per certificate	Rs. 22.57

Review of Operations

We are pleased to report that the Gross Revenue for the nine months ended March 2022 was higher by 24% to Rs. 3,669 Million as compared to Rs. 2,956 Million of the last year, despite various cost push factors of higher inflation, US \$ / Pak rupees parity, rising overall debts and increase in tariffs and taxes, increase in international crude oil and gas prices and further spike in the international sea freight rates, Modaraba managed to maintain its growth trend. Accordingly, the net profits before tax for the cumulative period closed at Rs 672 Million as compared to Rs. 276 Million of the last year, increase of Rs 395 Million. After accounting for the Income Taxes, the profit after tax stood at Rs 411 Million.

Modaraba continued to maintain its track record of growth in Sales. Rental Power segment continues to maintain our lead segment in terms of Sales and profitability. All segments of Rental Power performed according to the benchmark and targets set for the period. The increase in sales is denoted by overall good deployment of our smaller units and maintaining our rental contracts for Megawatt segment. Sales in the Power Generation segment improved by 44% during the nine month period compared to corresponding period last year due to higher deployment of units and maintaining our rental contracts for Megawatt Diesel segment; Gas genset segment also showed improvement in deployment and resulting in higher revenues, however the segment will continue to remain a challenge due to availability of gas and its pricing challenges to captive power units.

Sales from our Inbound and Outbound Logistics segment almost remained constant and as per budgeted levels and closed at Rs.1,259 Million as compared to Rs. 1,264 Millions of the corresponding period last year. Our customer base for this segment mainly comprises of blue-chip companies in the FMCG sector, including Nestle, Engro, Dalda, Schlumberger, Pakistan Tobacco Company, etc. However, the business is full of challenges due to competitive pricing from unorganized sector, non-implementation of Axel Load Compliance regime resulting in the menace of Overloading and availability of skilled and reliable manpower.

Sales from our Machines and Cranes segment improved significantly by 28%. Infrastructure construction and CPEC projects are now are now back on track with both Government commitment and financial closures and available funding. We are presently working on major project sites at Bhasha and Mohmand Dam, Thar Coal, Jamshoro Power Plant and Mityari Lahore Transmission Line.

The operating expense for the period increased 5.3% to Rs. 2,256 Million for the period as compared to Rs. 2,141 million of the corresponding period last year. As compared to corresponding period last year Salaries and Wages increased by 16% due to overall increase in the deployment of Ijarah assets and increase in minimum wage by the government. Depreciation for the period dropped by Rs. 66 Million compared to corresponding period as assets reached their residual values and due to lower investment levels in recent years.

Administrative and distribution expenses decreased by 10% to Rs. 220 Million (2021: Rs. 200 Million) primarily due to increase in legal and professional expenses and vehicle running cost. Markup costs went down by Rs.27 Million in the current nine month period, due to repayment of lease liabilities.

The Management will remain cautious and prudent for its investment strategy on all segments of the business, keeping in mind the opportunities of CPEC projects. The Management is positive of the rental industry potential, CPEC development and tremendous opportunities it has to date generated for the Modaraba. We always strive to keep special emphasis on customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

We 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.

Restructuring of the Modaraba

Pursuant to Finance Act, 2021, tax exemption on Modarabas has been withdrawn, effective from July 1, 2021. Consequent to this withdrawal, the Board of Directors of the Modaraba Management Company in their meeting held on September 7, 2021 has discussed and approved a plan to restructure the current legal structure of the Modaraba and transfer the entire existing business of the Modaraba, on a going concern basis, along with all its assets and liabilities, including all contingent liabilities into two separate legal entities. Draft Scheme of Restructuring was approved by the Board of Directors on April 14, 2022 and duly submitted for approval to Registrar Modarabas, SECP, Competition Commission of Pakistan and relevant CRO of the associated companies. Subject to the approval of the Restructuring Scheme by regulatory bodies the same will be shared for the approval of Sindh High Court, Board of Directors of associated companies, ARM Certificate Holders, relevant company shareholders and the other relevant authorities as per the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Companies Act, 2017 and the other laws for the time being in force.

Following has been proposed:

Allied Transport & Logistics (Private) Limited (a related party)

The existing logistics business of the Modaraba will be transferred to a newly formed entity - Allied Transport & Logistics (Private) Limited (a related party), along with all its existing assets, staff and liabilities.

Allied Engineering Management Company (Private) Limited

Whereas other or remaining business segments of the Modaraba along with its assets, staff and liabilities, including all the contingent liabilities, will be transferred to the Allied Engineering Management Company (Private) Limited (the existing Management Company of the Modaraba). The license of the Modaraba Management Company is proposed to be surrendered to the Registrar Modarabas and the SECP after the completion of the aforementioned restructuring and later Modaraba Management Company will be converted into an ordinary Private Limited Company.

The said transfers are expected to be at the carrying values of the assets and liabilities of the Modaraba as per the latest audited financial statements.

Going Concern Assumption of the Modaraba - Consequent to the above proposed resolution by the Board of Directors of the Modaraba Management Company, the Modaraba is no longer considered to be a going concern as the business of the Modaraba will in its entirety be transferred to two separate entities. The management intends to carry out transfer of assets and liabilities at the carrying values of assets and liabilities appearing in the books of Modaraba at the date of transfer subject to the approval of the relevant authorities.

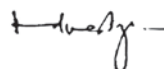
We would like to highlight that no adjustments have been made in the carrying value of assets and liabilities held by the Modaraba and the classifications of balances between long-term and short-term have not been adjusted as the transaction is at the preliminary stage, subject to the final approval of High Court of Sindh and the businesses and balances will be transferred on going concern basis at the carrying values.

Further, since more than 90 percent of the certificates are held by the associates and the group companies by virtue of which this transaction will be considered as a transaction under common control and will be accounted for as predecessor accounting in accordance with the requirements of "Accounting for Common Control Transactions" standard (which specifies the accounting for common control transactions) issued by the Securities and Exchange Commission of Pakistan (SECP). The management believes that in cases where there is insignificant non-controlling interest, the receiving entity will be carrying out predecessor accounting whereby assets and liabilities appearing in the books of Modaraba will be transferred at the same values on the date of transfer. Therefore, there is no potential impact that requires adjustment to the carrying values and classification of assets and liabilities currently being carried in the books of the Modaraba as at the reporting date as a result of Modaraba no longer being a going concern.

Acknowledgement

The Board wishes to place on record its sincere gratitude to the Registrar Modarabas and his support staff at SECP, Religious Board, financial institutions, our customers and our vendors and business partners for their continued support and guidance.

On Behalf of the Board



Murtaza Ahmed Ali
Chief Executive

April 27, 2022

مضاربہ کے بارے میں تشویش کا مفروضہ

مضاربہ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے مذکورہ تجویز کردہ قرارداد کے نتیجے میں، مضاربہ کو مزید تشویش کا باعث نہیں سمجھا جائیگا کیونکہ مضاربہ کا روبرو بار مکمل طور پر وہ الگ اداروں میں منتقل ہو جائیگا۔ اداروں انتظامیہ متعلقہ حکام کی منظوری سے مشروط منتقلی کی تاریخ پر مضاربہ کی کتابوں میں ظاہر ہونے والے اثاثوں اور واجبات کی قیمتوں کی مطابقت اثاثوں اور واجبات کی منتقلی کا ارادہ رکھتی ہے۔

ہم اس بات کو اجاگر کرنا چاہتے ہیں کہ مضاربہ کے پاس موجود اثاثوں اور واجبات کی کیرنگ ویلیو میں کوئی ایڈجسٹمنٹ نہیں کی گئی ہے اور طویل مدتی اور مختصر مدت کے درمیان بیلنس کی درجہ بندی کو ایڈجسٹ نہیں کیا گیا ہے کیونکہ لین دین ابتدائی مرحلے پر ہے، سندھ ہائی کورٹ کے حتمی منظوری تک اور کاروبار اور بیلنس کو کیرنگ ویلیوز پر تشویش کی بنیاد پر منتقل کیا جائیگا۔

مزید برآں، چونکہ 90 فیصد سے زیادہ سٹیٹیکس ایسوسی ایٹس اور گروپ کمپنیوں کے پاس ہیں جس کی وجہ سے اس لین دین کو مشترکہ کنٹرول میں ایک لین دین کے طور پر سمجھا جائیگا اور اکاؤنٹنگ کے تقاضوں کے مطابق پیشروا کاؤنٹنگ کے طور پر حساب کیا جائیگا۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ کامن کنٹرول ٹرانزیکشنز کے لیے معیار (جو مشترکہ کنٹرول ٹرانزیکشنز کے لیے اکاؤنٹنگ کی وضاحت کرتا ہے)۔ انتظامیہ کا خیال ہے کہ ایسے معاملات میں جہاں کنٹرول کرنے والی دلچسپی معمولی ہے، وصول کرنے والا ادارہ پیشرو حساب کتاب کرے گا جس کے تحت مضاربہ کی کتابوں میں ظاہر ہونے والے اثاثے اور واجبات کو منتقلی کی تاریخ پر انہی اقدار پر منتقل کیا جائیگا۔ اس لیے، ایسا کوئی ممکنہ اثر نہیں ہے جس کے لیے مظاربہ کی کتابوں میں اس وقت لے جانے والے اثاثوں اور واجبات کی درجہ بندی کے لیے ایڈجسٹمنٹ کی ضرورت ہو جیسا کہ رپورٹنگ کی تاریخ میں مضاربہ کے نتیجے میں اب کوئی تشویش نہیں ہے۔

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

—
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مرتضیٰ احمد علی

چیف ایگزیکٹو

27 اپریل 2022

مالی 2021-2022 کے وفاقی بجٹ میں مضاربہ کے ٹیکس استثنیٰ کے واپس لینے کے سبب، مضاربہ کی سالانہ انتظامیہ کمپنی کے بورڈ آف ڈائریکٹرز نے موجودہ قانونی ڈھانچے کو دوبارہ تشکیل دینے اور موجودہ کاروبار کو اس کے اثاثہ جات اور ذمہ داریوں مع تمام امکانات ذمہ داریوں کے ذمہ علیحدہ نئی لمیٹڈ کمپنی میں ڈھالنے کی تجویز دی ہے۔ ری اسٹرکچرنگ کی اسکیم کے مسودے کی منظوری بورڈ آف ڈائریکٹرز نے 14 اپریل 2022 کو دی تھی اور اسے منظوری کے لیے رجسٹرڈ مضاربہ، ایس ای سی پی، مسابقتی کمیشن آف پاکستان اور تمام متعلقہ کمپنیوں کے سی آر او کو پیش کیا گیا تھا۔ مضاربہ کمپنیوں اور مضاربہ کے مطابق ری اسٹرکچرنگ اسکیم کو ریگولیٹری اداروں کی جانب سے منظوری کے بعد سندھ ہائی کورٹ، متعلقہ کمپنیوں کے بورڈ آف ڈائریکٹرز، اے آر ایم سرٹیفیکیٹ ہولڈرز، متعلقہ کمپنی کے شیئرز، ہولڈرز اور دیگر متعلقہ حکام کی منظوری کے لیے شیئر کیا جائیگا۔ فلوشین اینڈ کنٹرول آرڈیننس، 1980 کمپنیز ایکٹ 2017 اور دیگر قوانین جو اس وقت نافذ ہیں۔

مندرجہ ذیل تجویز کیا گیا ہے۔

الائیڈ ٹرانسپورٹ اینڈ لاجسٹکس (پرائیوٹ) لمیٹڈ (ایک متعلقہ پارٹی)

مضاربہ کے موجودہ لاجسٹک کاروبار کو اس کے تمام موجودہ اثاثوں، عملے اور ذمہ داریوں کے ساتھ ایک نئی تشکیل شدہ ادارے۔
الائیڈ ٹرانسپورٹ اینڈ لاجسٹکس (پرائیوٹ) لمیٹڈ (ایک متعلقہ پارٹی) کو منتقل کر دیا جائیگا۔

الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیوٹ) لمیٹڈ

جبکہ مضاربہ کے دیگر باقیہ کاروباری طبقوں کے ساتھ اس کے اثاثوں، عملے اور واجبات بشمول تمام ہنگامی ذمہ داریوں کو الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیوٹ) لمیٹڈ (مضاربہ کی مینجمنٹ کمپنی) کو منتقل کر دیا جائے گا۔ مضاربہ مینجمنٹ کمپنی کا لائسنس مذکورہ تنظیم نو کی تکمیل کے بعد رجسٹرڈ مضاربہ اور ایس ای سی پی کے حوالے کرنے کی تجویز ہے اور بعد میں مضاربہ مینجمنٹ کمپنی کو ایک عام پرائیویٹ لمیٹڈ کمپنی میں تبدیل کر دیا جائیگا۔

تازہ ترین آڈٹ شدہ مالیاتی بیانات کے مطابق مذکورہ منتقلی مضاربہ کے اثاثوں اور واجبات کی قیمتوں پر ہونے کی توقع ہے۔

مودار بنے اپنے فروخت میں اضافہ کے ٹریک ریکارڈ کو برقرار رکھا۔ ہمارا ریٹیل پاور نے فروخت اور منافع کے لحاظ سے اپنی لیڈ کو برقرار رکھا۔ ریٹیل پاور کے تمام طبقات نے مدت کے لیے مقرر کردہ ہینچ مارک اور اہداف کے مطابق کارکردگی کا مظاہرہ کیا۔ جس کی بڑی وجہ ہمارے چھوٹے یونٹس کی سبزیوں میں بہتری اور میگا واٹ یونٹس کے نئے معاہدے ہیں۔ ہمارے میگا واٹ ڈیزل جنریٹر کی بہتر تعیناتی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں نو ماہ کی مدت کے دوران سبزیوں میں 44 فیصد بہتری آئی ہے۔ گیس جنریٹر کی تعیناتی بھی بہتر ہوئی ہے اور آمدنی میں اضافہ ہوا ہے۔ تاہم گیس کی دستیابی اور کیپیٹیو پاور یونٹس کے لیے قیمتوں کا تعین ایک چیلنج بنا رہا ہے۔

ہمارے ان ہاؤنڈ اور آؤٹ ہاؤنڈ لاجسٹکس سیگمنٹ سے فروخت تقریباً مستقل اور بجٹ کی سطح کے مطابق رہی اور 1,259 ملین روپے ہوئی جبکہ پچھلے سال کی اسی مدت کی آمدنی 1,264 ملین روپے ریکارڈ کی گئی تھی۔ اس سیگمنٹ کے لیے ہمارے کسٹمر بنیادی طور پر ایف ایم سی جی سیکٹر میں بلیو چپ کمپنیوں پر مشتمل ہیں، جس میں نیسلے، اینگرو، ڈالڈا، شلمبرجر، پاکستان ٹوبیکو کمپنی اور دیگر کمپنیز شامل ہیں۔ تاہم غیر منظم شعبے کی جانب سے مسابقتی قیمتوں کی وجہ سے کاروبار چیلنجوں سے بھرا ہوا ہے۔ ایکسل لوڈ کمپلائنس نظام کے نفاذ کے نتیجے میں اوور لوڈنگ کا خطرہ اور ہنرمند اور قابل اعتماد افرادی قوت کی دستیابی شامل ہے۔

ہماری مشینوں اور کرینوں کے شعبے کی فروخت میں 28% نمایاں بہتری آئی ہے۔ انفراسٹرکچر کی تعمیر اور CPEC منصوبے اب حکومتی عزم اور مالیاتی بندشوں اور دستیاب فنڈنگ دونوں کے ساتھ دوبارہ ٹریک پر آگئے ہیں۔ ہم اس وقت بھاشا اور مہمند ڈیم، تھرکول، جامشورو پاور پلانٹ اور شیاری لاہور ٹرانسمیشن لائن پر بڑے پروجیکٹ پر کام کر رہے ہیں۔

اس مدت کے لیے آپریٹنگ اخراجات 5.3 فیصد بڑھ کر روپے ہو گئے۔ اس مدت کے لیے اخراجات 2,256 ملین روپے رہے جبکہ گزشتہ سال کی اسی مدت کے اخراجات 2,141 تھے۔ گزشتہ سال کے مقابلے میں تنخواہوں اور اجرتوں میں 16 فیصد کا اضافہ ہوا جس کی وجہ اجارہ اثاثوں کی تعیناتی میں مجموعی طور پر اضافہ اور حکومت کی جانب سے کم از کم اجرتوں میں اضافہ ہے۔

انتظامی امور اور تقسیم کاری کے اخراجات 10% اضافے کے ساتھ 220 ملین روپے ہوئے (2021: 200 ملین روپے) اسکی بڑی وجہ قانونی اور پیشہ وارانہ اخراجات میں اضافہ ہے۔

انتظامیہ CPEC منصوبوں کے مواقع کو مد نظر رکھتے ہوئے کاروبار کے تمام شعبوں پر اپنی سرمایہ کاری کی حکمت عملی کے لیے محتاط اور ہوشیار رہے گی۔ انتظامیہ ریٹیل انڈسٹری کی صلاحیت، CPEC کی ترقی اور مضاربہ کے لیے اب تک پیدا ہونے والے زبردست مواقع کے بارے میں مثبت ہے۔

ہم ہمیشہ صارف کے مکمل اطمینان پر خاص توجہ رکھتے ہیں اور اپنے کاروباری لیمن دین میں اسلامی شریعہ اصولوں پر عمل پیرا رہتے ہیں۔

ڈائریکٹرز کی رپورٹ

برائے مدتِ مختتمہ 31 مارچ 2022

الائیڈ ریٹیل مضاربہ کی منظمہ کمپنی الائیڈ انجینئرنگ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ مع مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے نو ماہِ مختتمہ 31 مارچ 2022 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

000 روپے میں	مالیاتی جھلکیاں
5,726,347	اجارہ اثاثہ جات میں سرمایہ کاری
3,303,005	کل آمدنی
410,766	منافع برائے مذکورہ مدت
12.44%	خالص منافع کا فرق
8.27%	ایکویٹی پر منافع
1.27:1	موجودہ شرح
Rs. 1.87	فی سٹوکیٹ آمدنی
Rs. 22.57	فی سٹوکیٹ بریک اپ ویلیو

کاروباری عمل کا جائزہ

ہم بمسرت اطلاع دیتے ہیں کہ مارچ 2022 کو ختم ہونے والی نو ماہی میں کل آمدنی %24 سے زیادہ تھی اور 3,669 ملین روپے ریکارڈ کی گئی جو کہ گزشتہ سال 2,956 تھی۔ مہنگائی، امریکی ڈالر/پاک روپے کی برابری، بڑھتے ہوئے مجموعی قرضوں اور محصولات اور ٹیکسوں میں اضافے، بین ال اقوامی خام تیل اور گیس کی قیمتوں میں اضافے اور بین الاقوامی سمندری مال برداری کے نرخوں میں مزید اضافے کے مختلف لاگت کے عوامل کے باوجود، مضاربہ اپنی ترقی کو برقرار رکھنے میں کامیاب رہا۔ رجحان کے مطابق، مجموعی مدت کے لیے ٹیکس سے قبل خالص منافع روپے کے مقابلے میں 672 ملین روپے پر بند ہوا۔ گزشتہ سال کے 276 ملین روپے یعنی 395 ملین روپے کا اضافہ اور ٹیکس کے بعد منافع 411 ملین روپے رہا۔

Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2022

	Note	Unaudited Mar 31, 2022	Audited Jun 30, 2021 (Restated)
(Rupees)			
ASSETS			
Non-current assets			
Long term security deposits		50,000	50,000
Fixed assets in own use - tangible		183,952,451	190,716,697
Intangible asset for own use	6	684,583	1,026,875
Ijarah assets		5,726,346,835	5,897,659,183
		5,911,033,869	6,089,452,755
Current assets			
Cash and bank balances		240,076,605	117,119,860
Ijarah rentals receivable		1,020,147,085	1,168,468,030
Operation and maintenance income receivable		36,966,563	26,856,560
Advances, deposits, prepayments and other receivable		485,315,540	753,915,844
Spare parts		231,617,711	163,139,692
		2,014,123,504	2,229,499,986
Total assets		7,925,157,373	8,318,952,741
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized certificate capital 225,000,000 (30 June 2021: 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 2021: 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		1,921,582,705	1,872,085,044
Unappropriated profit		(412,324,403)	(442,914,125)
		4,964,970,802	4,884,883,419
LIABILITIES			
Non-current liabilities			
Diminishing musharaka financing payable - secured	8	433,317,387	720,780,585
Long term borrowings and deferred grants		-	85,596,156
Deferred liability for staff gratuity		119,540,034	109,060,825
Other long-term employee benefit		17,907,390	24,052,311
Other long term liabilities		29,354,626	9,406,035
Deferred tax liability		746,663,769	780,799,498
Liability against right of use assets		33,653,432	38,091,892
		1,380,436,638	1,767,787,302
Current liabilities			
Current maturity of liability against right of use assets		12,652,213	14,166,667
Current maturity of diminishing musharaka financing payable - secured	8	462,490,835	636,194,123
Current portion of long term borrowings and deferred grants		142,595,405	179,562,908
Current portion of other long term liabilities		10,759,339	48,769,028
Creditors, accrued and other liabilities		894,194,371	707,611,979
Unclaimed dividend		1,250,746	1,134,696
Payable to the Modaraba Management Company	7	5,017,783	10,788,100
Contract liabilities (advance from customers)		50,789,241	68,054,519
		1,579,749,933	1,666,282,020
Total liabilities		2,960,186,571	3,434,069,322
Total equity and Liabilities		7,925,157,373	8,318,952,741

CONTINGENCIES AND COMMITMENTS

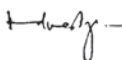
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The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Statement of Profit and Loss Account (Unaudited)

For the nine months period ended March 31, 2022

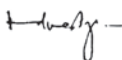
	Note	Nine months period ended		Three months period ended	
		Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
		(Rupees)		(Rupees)	
Ijarah rentals	10	3,196,928,387	2,586,644,821	1,061,878,364	892,161,375
Operation and maintenance income	11	106,076,700	102,561,921	32,768,698	33,208,322
		3,303,005,087	2,689,206,742	1,094,647,062	925,369,697
Operating expenses	12	(2,255,960,493)	(2,140,984,760)	(737,392,254)	(738,227,658)
Gross Profit		1,047,044,594	548,221,982	357,254,808	187,142,039
Administrative and distribution expenses	13	(220,058,846)	(199,848,865)	(78,614,869)	(68,881,746)
Provision against potential Ijarah losses and operation and maintenance income		(109,739,825)	(26,817,532)	-	(15,000,000)
Finance costs	14	(97,024,238)	(125,969,573)	(31,421,211)	(38,765,272)
Other income		70,137,866	87,097,780	16,533,313	55,131,693
		(356,685,043)	(265,538,190)	(93,502,767)	(67,515,325)
		690,359,552	282,683,792	263,752,042	119,626,714
Modaraba Management Company's remuneration		(5,650,000)	(2,000,000)	-	-
		684,709,552	280,683,792	263,752,042	119,626,714
Provincial worker's welfare fund		(12,137,589)	(3,885,466)	(4,620,444)	(1,334,212)
Profit for the period before taxation		672,571,963	276,798,326	259,131,598	118,292,502
Taxation	15	(261,805,629)	-	(95,853,568)	-
Profit for the period after taxation		410,766,334	276,798,326	163,278,030	118,292,502
Earnings per certificate - basic & diluted		1.87	1.26	0.74	0.54

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



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the nine months period ended March 31, 2022

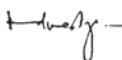
	Nine months period ended		Three months period ended	
	Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
	(Rupees)		(Rupees)	
Profit for the period after taxation	410,766,334	276,798,326	163,278,030	118,292,502
Other comprehensive income	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Loss on remeasurement of defined benefit plan obligation	(678,951)	(1,592,411)	-	-
Total comprehensive income for the period	410,087,383	275,205,915	163,278,030	118,292,502

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



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended March 31, 2022

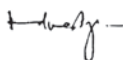
	Nine months period ended	
	Mar 31, 2022	Mar 31, 2021
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	672,571,963	276,798,326
Adjustments for non-cash charges and other items:		
Depreciation	349,482,694	414,968,199
Provision for deferred liabilities - gratuity	10,210,132	4,295,408
Provision against long term employee benefits	(4,828,155)	123,713
Financial charges including bank charges	97,024,234	125,969,569
(Profit)/Loss on disposal of Ijarah assets	13,512,862	(40,050,933)
(Profit)/Loss on disposal of fixed assets in own use	860,655	(1,255,769)
	1,138,834,385	780,848,513
(Increase) / decrease in assets		
Ijarah rentals receivable	148,320,944	31,106,384
Operation and maintenance income receivable	(10,110,003)	7,880,192
Advances, deposits and other receivable	(183,889,321)	138,695,371
Spare parts	(68,478,019)	(31,201,480)
	(114,156,399)	146,480,466
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities (excluding accrued financial charges)	202,556,963	(285,516,999)
Payable to the Modaraba Management Company	(5,770,317)	(8,451,954)
Contract liabilities (advance from customers)	(17,265,278)	-
Other long term liabilities	(18,061,098)	(22,115,551)
	161,460,270	(316,084,504)
Cash generated from / (utilised in) operations	1,186,138,256	611,244,475
Gratuity paid	(687,192)	-
Compensated absence paid	(1,316,766)	(495,078)
Income Tax paid	156,825,585	-
Worker's Welfare Fund paid	(9,668,613)	(3,875,768)
Financial charges paid	(103,214,139)	(132,159,474)
	41,938,875	(136,530,320)
Net cash flows from operating activities	1,228,077,131	474,714,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(304,226,006)	(348,975,158)
Proceeds from disposal of fixed assets in own use	11,772,567	8,642,493
Proceeds from disposal of Ijarah assets	107,016,113	253,914,363
Net cash flows from investing activities	(185,437,326)	(86,418,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Diminishing Musharaka financing availed	36,000,000	140,210,000
Repayment of Diminishing Musharaka financing	(497,166,486)	(434,238,036)
Long term borrowing availed	-	161,520,733
Repayment of Long term borrowing	(122,563,659)	(21,131,279)
Repayment of lease liability against ROU assets	(9,813,482)	(9,114,886)
liability against ROU assets availed	3,860,568	-
Dividend paid	(330,000,000)	(165,000,000)
Net cash flows from financing activities	(919,683,059)	(327,753,468)
Net increase in cash and cash equivalents	122,956,746	60,542,385
Cash and cash equivalents at the beginning of the period	117,119,859	92,916,093
Cash and cash equivalents at the end of the period	240,076,605	153,458,478

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



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended March 31, 2022

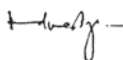
	Issued Subscribed & Paid up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un- appropriated profit	Total
	(Rupees)				
Balance as at June 30, 2020	2,200,000,000	1,255,712,500	1,685,840,464	210,165,455	5,351,718,419
Profit distribution for the year ended June 30, 2020 @ Rs. 0.75 per certificate	-	-	-	(165,000,000)	(165,000,000)
Total comprehensive income for the nine months period ended March 31, 2021	-	-	-	275,205,915	275,205,915
Transfer to statutory (mandatory) reserve Balance as at March 31, 2021	-	-	39,228,353	(39,228,353)	-
	2,200,000,000	1,255,712,500	1,725,068,817	281,143,017	5,461,924,334
Total comprehensive income for the three months period ended June 30, 2021	-	-	-	203,758,583	203,758,583
Transfer to statutory (mandatory) reserve	-	-	147,016,227	(147,016,227)	-
Balance as at June 30, 2021	2,200,000,000	1,255,712,500	1,872,085,044	337,885,373	5,665,682,917
Impact of restatement (refer note 5.1.1)				(780,799,498)	(780,799,498)
Balance as on July 1, 2021 - Restated	2,200,000,000	1,255,712,500	1,872,085,044	(442,914,125)	4,884,883,419
Profit distribution for the year ended June 30, 2021 @ Rs. 1.50 per certificate	-	-	-	(330,000,000)	(330,000,000)
Total comprehensive income for the nine months period ended March 31, 2022	-	-	-	410,087,383	410,087,383
Transfer to statutory (mandatory) reserve	-	-	49,497,661	(49,497,661)	-
Balance as at March 31, 2022	2,200,000,000	1,255,712,500	1,921,582,705	(412,324,403)	4,964,970,802

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



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended March 31, 2022

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 the 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 May 10, 2006, authorized Allied Engineering Management Company (Private) Limited to float Allied Rental Modaraba (the Modaraba). The Modaraba commenced its operations on January 10, 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. The Modaraba is a non-financial Modaraba as it is primarily engaged in rental / ijarah and operations and maintenance of Caterpillar and other equipments.

- 1.2 Pursuant to the Finance Act, 2021, the tax exemption on Modarabas has been withdrawn, effective from July 1, 2021. Consequent to this withdrawal, the Board of Directors of the Modaraba Management Company in their meeting held on September 7, 2021 have discussed and approved a plan to restructure the current legal structure of the Modaraba and transfer the entire existing business of the Modaraba, on a going concern basis, along with all its assets and liabilities, including all contingent liabilities, to two separate legal entities. A draft scheme of restructuring has already been finalised which will be submitted for the approval to the Registrar Modarabas, the SECP, the Sindh High Court, the Certificate Holders and the other relevant authorities as per the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Companies Act, 2017 and the other laws for the time being in force during the year ending June 30, 2022.

It has been proposed that the existing logistics business of the Modaraba will be transferred to a newly incorporated entity - Allied Transport & Logistics (Private) Limited (a related party), along with all its existing assets, staff, liabilities and contingent liabilities. Whereas the other or remaining business segments of the Modaraba along with their assets, staff and liabilities, including all the contingent liabilities, will be transferred to the Allied Engineering Management Company (Private) Limited (the existing Management Company of the Modaraba). The management intends to carry out the transfer of assets and liabilities (including contingent liabilities) at the carrying values of assets and liabilities appearing in the books of the Modaraba as per the latest audited financial statements at the date of transfer subject to the approval of the relevant authorities. No adjustments have been made in the carrying value of assets and liabilities held by the Modaraba. The classifications of balances between long-term and short-term have not been adjusted as the transaction is at the preliminary stage, subject to the final approval of the High Court of Sindh and the businesses and balances will be transferred on going concern basis at their respective carrying values.

The licence of the Modaraba Management Company is proposed to be surrendered to the Registrar Modarabas and the SECP after the completion of the aforementioned restructuring. Later, the Modaraba Management Company will be converted into an ordinary Private Limited Company.

More than 90 percent of the certificates are held by the associated and the group companies by virtue of which this transaction will be considered as a transaction under common control and will be accounted for as predecessor method of accounting in accordance with the requirements of 'Accounting for Common Control Transactions' standard (which specifies the accounting for common control transactions) issued by SECP. Currently, there is no potential impact that requires adjustment to the carrying values and classification of assets and liabilities in the books of the Modaraba as at the reporting date.

- 1.3** The Modaraba had reported a profit of Rs 532.127 million for the year ended June 30, 2021 and distributed 90 percent of its accounting profit amounting to Rs 330 million (Rs 1.50 per certificate). In accordance with the requirements of IAS 10 this distribution has been accounted for during the current period. As a result of the restatement of the prior period figures / balances (as more fully explained in note 5 to these condensed interim financial statements), the profit after taxation for the year ended June 30, 2021 amounting to Rs 532.127 million has now resulted into a loss of Rs. 248.672 million.

As per the requirements of clause 18(3) of the Modaraba Companies Ordinance and Modaraba Rules, 1981, "no distribution shall be made otherwise than out of profits of the year or any other undistributed profits or realised capital gains".

The aforementioned distribution by the Modaraba after incorporating the effect of deferred tax has resulted in excess distribution whereby the unappropriated profits have now resulted into accumulated losses.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of:

- International Accounting Standard (IAS) 34, interim financial reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the Prudential Regulations for Modarabas;
- Provisions of and directions issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs), the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

- 2.2** The disclosures made in these condensed interim financial statements are based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the disclosures and statements required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.
- 2.3** The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual published audited financial statements of the Modaraba for the year ended June 30, 2021, whereas the comparative statement of profit or loss, statement of profit or loss and comprehensive income, statement of changes in equity and cash flow statement have been extracted from the unaudited condensed interim financial statements for the period ended December 31, 2020. These comparative have been adjusted for restatement of certain balances as disclosed in note 5 to the condensed interim financial statements.
- 2.4** These condensed interim financial statements are unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

2.5 These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency and all the figures presented in these condensed interim financial statements presented have been rounded off to the nearest Rupee, unless otherwise stated.

2.6 Basis of measurement

These condensed interim financial statements have been prepared on the basis of historical cost convention.

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

3.2 The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

3.3 The significant judgments, estimates and assumptions made in applying the Modaraba's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the annual published audited financial statements for the year ended June 30, 2021 except for the change in accounting estimate as disclosed in notes 10.2.1 and note 11.1.1 to these condensed interim financial statements. Certain restatements have also been made in these condensed interim financial statements which have been disclosed in note 5.

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

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

4 FINANCIAL RISK MANAGEMENT POLICIES

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

5 RESTATEMENT OF PRIOR YEAR BALANCES

5.1 Deferred tax liability

Pursuant to the Finance Act, 2021, tax exemption of the Modaraba has been withdrawn effective from July 1, 2021. Consequently, the income of the Modaraba has become chargeable to tax with effect from July 1, 2021. International Accounting Standard 12, "Income taxes" requires recognition of deferred tax as a result of change in tax law in the profit and loss except where it relates to items previously recognised outside the profit and loss. The relevant tax law as a result of which tax exemption has been withdrawn was enacted before June 30, 2021. In accordance with the requirements of IAS 12 "Income taxes", the deferred tax asset / liability on ijarah assets, fixed assets in own use, ijarah rentals receivable, operation and maintenance income receivable, deferred liability for staff gratuity, liability against right-of-use assets and payable to Worker's Welfare Fund was not recognised by the Modaraba in its financial statements as at June 30, 2021. The Modaraba has now recognised the amount of deferred tax liability by restating the prior period balances. The change has been accounted for in accordance with the requirements of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" and the effects are given below:

5.1.1 The effects of above stated errors are as follows:

	June 30, 2021		
	As previously reported	Restatement	As restated
Effect on the condensed interim statement of financial position	----- (Rupees) -----		
Decrease in unappropriated profit	337,885,373	(780,799,498)	(442,914,125)
Increase in deferred tax liability	-	780,799,498	780,799,498

6. IJARAH ASSETS

	Note	31 March 2022 (Unaudited)	30 June 2021 (Audited)
		(Rupees)	
Ijarah assets - at cost less accumulated depreciation	6.1	5,537,753,680	5,891,181,931
Capital work-in-progress		188,593,155	6,477,252
		5,726,346,835	5,897,659,183

6.1 Ijarah assets - at cost less accumulated depreciation

(Unaudited) March 31, 2022				
	Generators and related equipments	Logistics vehicles	Machines	Total
----- (Rupees) -----				
At 01 July 2021				
Cost	7,024,730,884	2,087,432,656	1,477,597,625	10,589,761,165
Accumulated depreciation	(3,509,191,221)	(725,961,096)	(462,840,485)	(4,697,992,802)
Accumulated impairment losses	(19,432)	-	(567,000)	(586,432)
Net book value	<u>3,515,520,231</u>	<u>1,361,471,560</u>	<u>1,014,190,140</u>	<u>5,891,181,931</u>
Additions	82,132,189	-	2,376,578	84,508,767
Disposals				
Cost	(290,423,738)	(6,203,496)	(52,296,295)	(348,923,529)
Accumulated depreciation	198,212,798	2,456,748	26,003,696	226,673,242
	<u>(92,210,940)</u>	<u>(3,746,748)</u>	<u>(26,292,599)</u>	<u>(122,250,287)</u>
Depreciation charge for the year	(184,456,861)	(55,367,296)	(75,862,574)	(315,686,731)
Closing net book value	<u>3,320,984,619</u>	<u>1,302,357,516</u>	<u>914,411,545</u>	<u>5,537,753,680</u>
At 31 March 2022				
Cost	6,816,439,335	2,081,229,160	1,427,677,908	10,325,346,403
Accumulated depreciation	(3,495,435,284)	(778,871,644)	(512,699,363)	(4,787,006,291)
	(19,432)	-	(567,000)	(586,432)
Net book value	<u>3,320,984,619</u>	<u>1,302,357,516</u>	<u>914,411,545</u>	<u>5,537,753,680</u>
Life (Years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	
(Audited) June 30, 2020				
	Generators and related equipments	Logistics vehicles	Machines	Total
----- (Rupees) -----				
At 01 July 2020				
Cost	7,128,336,301	2,183,943,055	1,292,842,081	10,605,121,437
Accumulated depreciation	(3,371,402,855)	(768,054,972)	(345,324,791)	(4,484,782,618)
Net book value	3,756,933,446	1,415,888,083	947,517,290	6,120,338,819
Additions	295,671,683	158,195,968	118,574,924	572,442,575
Disposals				
Cost	(399,277,100)	(150,616,920)	(37,908,827)	(587,802,847)
Accumulated depreciation	169,058,065	27,924,258	6,910,514	203,892,837
	(230,219,035)	(122,692,662)	(30,998,313)	(383,910,010)
Transfer during the year				
Cost	-	(104,089,447)	104,089,447	-
Accumulated depreciation	-	38,517,564	(38,517,564)	-
	-	(65,571,883)	65,571,883	-
Impairment during the year	(19,432)	-	(567,000)	(586,432)
Depreciation charge for the year	(306,846,431)	(24,347,946)	(85,908,644)	(417,103,021)
Closing net book value	<u>3,515,520,231</u>	<u>1,361,471,560</u>	<u>1,014,190,140</u>	<u>5,891,181,931</u>
At 30 June 2021				
Cost	7,024,730,884	2,087,432,656	1,477,597,625	10,589,761,165
Accumulated depreciation	(3,509,191,221)	(725,961,096)	(462,840,485)	(4,697,992,802)
Accumulated impairment losses	(19,432)	-	(567,000)	(586,432)
Net book value	<u>3,515,520,231</u>	<u>1,361,471,560</u>	<u>1,014,190,140</u>	<u>5,891,181,931</u>
Life (Years)	<u>3 to 24</u>	<u>8</u>	<u>8 to 10</u>	

7. PAYABLE TO THE MANAGEMENT COMPANY	Note	31 March 2022 (Unaudited) (Rupees)	30 June 2021 (Audited)
Remuneration payable to Management Company - net		4,367,783	9,488,100
Sindh Sales Tax payable on remuneration of Management Company		650,000	1,300,000
		<u>5,017,783</u>	<u>10,788,100</u>
8. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured			
Musharaka finance Due within one year	8.1	895,808,222 (462,490,835) <u>433,317,387</u>	1,356,974,708 (636,194,123) <u>720,780,585</u>
8.1 Financing from Islamic banking and financial institutions		895,808,222	1,351,518,458
Financing from Modarabas		-	5,456,250
		<u>895,808,222</u>	<u>1,356,974,708</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Contingencies outstanding as at 31 March 2022 are as follows:

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

During the year ended June 30, 2014, the Assistant Commissioner - Sindh Revenue Board (SRB) issued an order no. 160 of 2013 dated July 12, 2013 demanding sindh sales tax of Rs. 25.633 million at 16% on total operation and maintenance income amounting to Rs 160.204 million of the Modaraba for the year ended June 30, 2014.

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

The Commissioner (Appeals) - (SRB) vide an order in appeal number 16/2014 dated February 25, 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 Honourable High Court of Sindh against the order of the Commissioner (Appeals) - Sindh Revenue Board (SRB) by virtue of which the Honourable High Court of Sindh vide its order dated March 11, 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 the direction of the Honourable High Court of Sindh, filed an appeal to the tribunal.

The Tribunal disposed of the appeal in favour of Modaraba. However, the Commissioner has demanded the said tax dues along with default surcharge. The Modaraba has filed an appeal with the Commissioner (Appeals) along with applications for stay of demand which remains undisposed, therefore, the Modaraba filed a petition dated May 15, 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 Commissioner (Appeals) issued an order dated April 23, 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 them taxable under tariff heading "Commodity or equipment leasing" by also setting aside tax officer's 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 November 13, 2019 setting aside both the orders 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 back to the assessing officer to hear the parties afresh. The Tribunal required the assessing officer to first determine the actual nature of services provided or rendered by the taxpayer and then to invoke proper tariff heading under which such services falls for the purpose of taxing the services provided or rendered by the taxpayer and consider available exemption notifications and allow the benefits of the same to the taxpayer, if applicable. The officer, through the letter dated December 24, 2019, had initiated the remand back proceedings.

During the year ended June 30, 2020, an Order-in-Original No. 34 of 2020 dated February 27, 2020 was passed on an ex-parte basis whilst finalizing the matter remanded back by the ATIR in its Order dated November 13, 2019. In the said order, the Officer changed the earlier stance and now concluded that 'Operating and Maintenance' services provided by the Company are taxable under "Others, including the services provided or rendered by non-banking, finance companies, modaraba and musharaka companies and other financial institutions" of the Second Schedule to the Sindh Sales Tax on Services Act, 2011.

The Modaraba has filed an appeal before Commissioner (Appeals) and the decision in this respect is pending to date. As per the opinion of the tax advisor the management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision amounting to Rs. 12.238 million has been made in these condensed interim financial statements.

9.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On March 11, 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding a 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 March 16, 2016. The Modaraba had paid an amount of Rs 50 million to the Federal Board of Revenue under protest 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 Honourable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on June 2, 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from July 1, 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 June 03, 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 had filed appeals with the Honourable Appellate Tribunal Inland Revenue (ATIR) which is pending for hearing.

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

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and SHC will be in favour of the Modaraba. Accordingly, no provision in respect of FED has been made in these condensed interim financial statements. Further, the under protest payment of Rs 50 million made to the FBR has been shown as a refundable balance in note 12 to these condensed interim financial statements.

During the current period, the hearing of ATIR was held on September 16, 2021. The order dated September 21, 2021 was passed by ATIR stating that "Under the light of the decision of SHC CP-3184/2014 in the favour of the Modaraba, it is concluded that both the orders for the charge years have already been quashed and set aside by the Honourable Court, therefore, there is no place for this forum for any further comments or action. Both appeals by appellant succeed.

As per the opinion of the tax advisor the management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision amounting to Rs. 838.662 million has been made in these condensed interim financial statements.

- 9.1.3** The Commissioner had demanded, through an assessment order no. 11/30 of 2019 dated April 26, 2019 and an order no. 01 of 2018 dated June 27, 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 respectively against disposal value of Rs. 126.28 million and Rs. 154.64 million respectively. The Modaraba had filed an appeal with Commissioner (Appeal) and paid ten percent of the demanded amounts. Against the order no. 01 of 2018, the hearing of the appeal was made on September 23, 2021. The appellate ordered under section 45B to pay the liable amount along with the default surcharge and penalty @ 5%. Against the order no. 11/30, hearing of the appeal was made on October 8, 2021. The authority ordered under section 45B of sales tax act, 1990 to pay the liable amount along with default surcharge @ 5%. The order of DCIR was received dated December 14, 2021 to pay the total ordered amount on or before December 21, 2021.

During the year ended June 30, 2021, the Modaraba further received notices for the tax years 2016 and 2017 demanding sales tax amounting to Rs. 48.77 million in respect of disposal of ijarah assets during the year ended 2016 and 2017 against aggregate disposal value of Rs. 286.88 million.

The appeal before the CIR (A) filed vide the letter DST 055 dated July 1, 2018 in respect of sales tax on disposal of ijarah assets. The matter was heard earlier and has been re-fixed for hearing on January 20, 2020. The appeal could not be heard due to the transfer of CIR (A).

The appeal on aforementioned matter was finalized vide Order No. OIR/Enforcement-1/S/2020/48/03 dated February 2, 2021 demanding sales tax of Rs. 48.769 million along with a penalty under section 33(5) of Rs 2.438 million. The Modaraba has submitted payment under protest of Rs.5.181 million (adjusted from income tax refundable) and filed an appeal against the above order before the ATIR.

The management, in consultation with its tax advisor, believes that the outcome of the appeal will be in their favour and, accordingly, no provision has been made in these condensed interim financial statements.

- 9.1.4** Deputy Commissioner Inland Revenue (CIR) issued an order D.C. no. 21/03 dated June 9, 2018 in respect of tax audit for the tax year 2012. The CIR demanded a tax amounting to Rs. 8.152 million against the profit on ijarah financing, gain on disposed of ijarah assets and the management fee. The Modaraba has filed an appeal with Commissioner Inland Revenue (Appeal) against the order. The Management, in consultation with the tax advisor, believes that the outcome of the appeal will be in favour of the Modaraba and, accordingly, no provision has been made in these condensed interim financial statements.

- 9.1.5** The Additional Commissioner Inland Revenue (ACIR) issued an order DC No. 02/29 dated October 7, 2020. The order states that on the scrutiny of return and monthly / annual statements filed by the Modaraba for the tax year 2015 showed that the Modaraba has not deducted / partially deducted taxes from the payments against expenses made during the year. In the order, short deductions of tax were calculated by the department on the entire amount of the expenditures claimed in the return (Rs. 1.346 billion). The department demanded Rs. 232.830 million from the Modaraba along with the default surcharge u/s 205 of Rs. 41.910 million.

The Modaraba has filed an appeal against the order in the Sindh High Court and obtained a stay order on this matter. The appeal was heard on February 12, 2021 and later on May 4, 2021. However, order is still awaited. The management, based on its lawyer/tax advisor's view, is of the view that the appeal filed by the Modaraba will be adjudicated in favour of the Modaraba and, accordingly, no provision has been made in these condensed interim financial statements.

9.1.6 The Additional Commissioner Inland Revenue, through its order dated December 30, 2020 has amended the tax return filed by the Modaraba for the tax year 2018. The order was based on the following references:

- The ACIR has rejected the tax exemption under clause 100 Part I of Second schedule to the Ordinance and imposed tax @ 30% on the income of Rs. 1.342 billion. The rejection is alleged on the premise that the amount transferred to statutory reserve is not as prescribed under the prudential regulations for Modarabas.
- The Modaraba's tax deductions under section 148(1) of the Ordinance amounting to Rs. 40.93 million is treated as a tax under the final tax regime under section 148(7) of the Ordinance (and not as tax recoverable). This was based on the inference that income for this year is not exempt as the conditions were not met and as such tax collected under section 148 is alleged to be final tax.
- Credit of taxes claimed for taxes paid / deducted aggregating to Rs. 142.66 million has been disallowed pending the provision of evidence.
- After taking into account the above, taxable income of Rs. 1.342 billion has been assessed and income tax of Rs. 350.25 million has been demanded.

Appeals have been filed by the Modaraba before the tax authorities and an application has been filed with the Sindh High Court in this regard for a stay order. The CIR(A) vide its appellate order dated May 25, 2021 issued under section 29 of the Ordinance has adjudicated on the Modaraba's appeal. The Modaraba has now filed an appeal on the adjudication before ATIR which is pending hearing. A stay has been granted by ATIR till August 21, 2021.

The management, based on the merits of the case and on the basis of its tax advisor's views, is confident that the above matter will be decided in favour of the Modaraba and hence no provision has been made in these condensed interim financial statements.

9.2 Commitments

9.2.1 Contractual rentals receivable on Ijarah contracts

	31 March 2022 (Unaudited)			30 June 2021 (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
Rentals receivable in future	1,180,000	-	1,180,000	51,675,000	10,705,000	62,380,000

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, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
	(Rupees)		(Rupees)	
10. IJARAH RENTALS - net				
Ijarah rentals	3,551,469,914	2,842,488,452	1,191,107,484	979,959,485
Less: Sales tax	(354,541,527)	(255,843,631)	(129,229,120)	(87,798,110)
	<u>3,196,928,387</u>	<u>2,586,644,821</u>	<u>1,061,878,364</u>	<u>892,161,375</u>
11. OPERATION AND MAINTENANCE INCOME - net				
Operation and maintenance income	117,849,535	113,230,870	36,333,239	35,627,339
Less: Sindh sales tax	(11,772,835)	(10,668,949)	(3,564,541)	(2,419,017)
	<u>106,076,700</u>	<u>102,561,921</u>	<u>32,768,698</u>	<u>33,208,322</u>
12. OPERATING EXPENSES				
Salaries, wages and other staff benefits	791,301,950	653,176,854	258,148,821	221,868,806
Depreciation expense	315,686,731	381,345,270	104,858,100	126,532,843
Repairs and maintenance cost	359,232,041	250,796,125	113,975,972	91,743,737
Fleet vehicles running cost	642,084,103	719,821,599	211,443,261	254,634,508
Vehicles running cost	44,276,861	31,381,311	15,696,940	9,998,518
Insurance cost - equipments	31,559,134	29,132,277	8,285,176	10,447,957
Transportation cost	53,189,150	54,454,385	17,524,000	16,159,000
Travelling and conveyance	6,953,636	7,922,751	2,434,548	2,422,856
Rent Expense	11,676,887	12,954,188	5,025,436	4,419,433
	<u>2,255,960,493</u>	<u>2,140,984,760</u>	<u>737,392,254</u>	<u>738,227,658</u>
13. ADMINISTRATIVE AND DISTRIBUTION EXPENSES				
Salaries, wages and other staff benefits	118,721,151	112,568,804	43,262,581	38,314,285
Vehicle running costs	14,211,807	11,072,799	4,975,984	3,657,503
Travelling and conveyance	1,818,922	869,169	632,132	208,649
Depreciation expense	33,453,671	32,802,747	11,154,174	11,861,847
Amortization expense	342,292	820,182	114,097	114,098
Legal and professional charges	18,970,172	8,279,349	9,332,610	3,881,416
Auditors' remuneration	877,500	828,276	-	-
Telephone, postage and fax charges	6,013,546	5,900,839	1,928,439	1,824,768
Advertisement and sales promotion	122,400	934,100	16,900	780,320
Printing and stationery	5,716,548	4,626,865	1,027,050	1,144,414
Insurance cost - vehicles	685,460	2,370,816	284,001	843,505
Training, meetings and tender participation	1,983,919	1,227,012	575,135	464,440
Donation	300,000	325,000	-	100,000
Software development	925,543	775,436	598,935	545,966
Entertainment	4,171,573	4,148,956	1,363,488	1,553,279
Utilities	6,256,202	7,208,422	1,341,665	1,932,431
Security	4,523,368	4,559,531	1,288,564	1,464,230
Miscellaneous	964,772	530,562	719,114	190,595
	<u>220,058,846</u>	<u>199,848,865</u>	<u>78,614,869</u>	<u>68,881,746</u>
14. FINANCE COSTS				
Financial cost on Diminishing Musharaka	77,275,241	100,093,893	25,760,046	29,831,594
Financial cost on Running Musharaka financing arrangement	1,067,029	324,741	369,644	73,267
Finance cost on long term borrowing	13,472,621	17,856,089	3,530,950	6,649,100
Finance cost on liability against right of use Assets	3,665,995	4,552,674	1,254,055	1,445,868
Exchange loss / (Gain) - net	(85,139)	91,687	-	-
Bank charges and commission	1,628,490	3,050,489	506,515	765,443
	<u>97,024,237</u>	<u>125,969,573</u>	<u>31,421,210</u>	<u>38,765,272</u>

15 TAXATION

During the year ended June 30, 2021, the income of non-trading modaraba was made taxable through the Tax Laws (Second Amendment) Ordinance, 2021. Based on the advice of the tax advisor, the management was of the view that the taxability on income will be effective from July 1, 2021. Accordingly, the management has recognised a provision for taxation amounting to Rs. 261.805 million for the nine months period ended March 31, 2022.

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, 2022	March 31, 2021
Allied Engineering Management company (Private) Limited (Modaraba Management Company)	(Rupees)	
Dividend Paid	65,999,996	32,999,998
Modaraba Management Company's remuneration	5,650,000	2,000,000
Allied Engineering and Services (Private)Limited (holding company of the Management Company)		
Purchase of assets	77,833,836	4,329,000
Purchase of parts and services	261,450,100	244,789,974
Income from Ijarah assets	6,782,348	338,310
Dividend Paid	227,896,610	113,948,305
Allied Engineering and Services (Private) Limited - Staff Provident Fund		
Contribution to the staff provident fund	11,802,452	11,237,332
Dividend Paid	5,602,302	2,801,151
Apex Machinery (Private) Limited (Associated Company)		
Purchase of parts and services	12,997,184	5,578,987
Allied Commercial Enterprises (Private) Limited (Associated Company)		
Income from Ijarah assets	-	-

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

	Unaudited Mar 31, 2022	Audited Jun 30, 2021
(Rupees)		
Allied Engineering Management Company (Private) Limited (Modaraba Management Company)		
Outstanding certificates 43,999,997 (June 30, 2021: 43,999,997)	439,999,970	439,999,970
Payable to the Modaraba Management Company	5,017,783	10,788,100
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)		
Outstanding certificates 151,931,073 (June 30, 2021 : 151,931,073)	1,519,310,730	1,519,310,730
Payable against purchase of parts and services	492,035,506	425,484,687
Allied Engineering and Services (Private) Limited - Staff Provident Fund		
Outstanding certificates 3,734,868 (June 30, 2021: 3,734,868)	37,348,680	37,348,680
Apex Machinery (Private) Limited (Associated Company)		
Payable against purchase of parts and services	7,632,566	9,168,000

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.

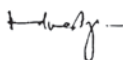
18. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on April 27 2022.

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



Muhammad Saad
Chief Financial Officer



Murtaza Ahmed Ali
Chief Executive



Abdul Rahim Suriya
Director



Syed Feisal Ali
Chairman

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Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

21/3 Sector No. 22, Korangi
Industrial Area, Karachi -74900

UAN: +9221 - 111-250-250

Tel: +9221 - 35066901 - 13
+9221 - 35113621 - 25

Fax: +9221 - 35066915 - 16

Email: rental@aesl.com.pk

Web: www.arm.com.pk