

DIRECTORS' REVIEW

Dear Certificate holders,

On behalf of the Board of Directors, we are pleased to present the 3rd Quarter (nine months) Un-audited Condensed Interim Financial Statements of Modaraba Al-Mali ("MODAM"), for the period ended March 31, 2024.

Economic Outlook:

During the 3rd Quarter of FY 2024-25, the economic activities of Pakistan showed some signs of recovery and improvement due to the impact of fiscal measures taken by the government, aiming to attain fiscal consolidation through broadening the tax base, providing targeted subsidies only to the most vulnerable, and reducing losses of public sector enterprises through privatization or reforms. Interest rate and exchange rate remained very vibrant which depicts the volatility and uncertainty in the economic system.

Financial Performance:

The financial highlights of the Company for the 3rd Quarter for the period ended March 31, 2024, in comparison with the corresponding period of the previous year, are as follows: -

Financial Highlights	Q3 Mar-24	Q3 Mar-23
Revenue	3,717,741	(29,036,651)
Operating expenditures	(14,270,931)	(23,071,483)
Depreciation	681,408	151,859
Profit/ (Loss) before Taxation	(3,554,725)	(11,680,587)
Taxation	(7,892,437)	(865,834)
Net Profit / (Loss) for the period	(11,447,162)	(12,546,421)
Earnings/ (Loss) Per Share (EPS)	(0.13)	(0.16)

Future outlook:

The Honorable Lahore High Court, in his order dated Apr 3, 2024, has allowed the merger petition and has sanctioned the Scheme of Arrangement and Reconstruction (C.O 78278/2023) in the matter of transfer of complete business and undertaking of Modaraba Al Mali to LSE Capital Limited.

Upon the completion of merger / amalgamation through the intended Scheme and the issuance of shares of LSECAP to the registered members of MODAM and transfer of its listing status to LSEFSL, MODAM will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up.

Acknowledgment:

The Board would like to take this opportunity to express gratitude and acknowledge the valuable guidance and cooperation of the Securities and Exchange Commission of Pakistan, the Pakistan Exchange Limited, and the Modaraba Association of Pakistan for their continuous support and guidance.


Chief Executive


Director

April 30, 2024


MODARABA AL MALI
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2024

		Un-Audited March 31, 2024	Restated Audited June 30, 2023
	Note	Rupees	
ASSETS			
<u>Non-current assets</u>			
Property and equipment	6	3,724,215	4,405,622
Long-term investments	7	1,347,457,544	1,259,724,433
		1,351,181,759	1,264,130,055
<u>Current assets</u>			
Tax refunds due from government		11,141,898	11,032,683
Current portion of diminishing musharaka		68,859	227,070
Ijarah finance		3,755,007	3,755,007
Advances, prepayments and other receivables	8	27,064,271	17,657,692
Short term investments	9	134,767,068	153,581,521
Cash and bank balances	10	4,325,799	17,578,812
		181,122,902	203,832,785
Total assets		1,532,304,661	1,467,962,840
LIABILITIES			
<u>Non-current liabilities</u>			
Deferred tax liabilities	11	55,576,410	48,719,568
		55,576,410	48,719,568
<u>Current liabilities</u>			
Short term finance from related parties	12	-	53,854,366
Creditors, accrued and other liabilities	13	207,875,761	236,036,565
Security deposits		3,762,138	3,762,138
Unclaimed profit distribution		9,875,818	10,358,639
		221,513,717	304,011,708
Total liabilities		277,090,128	352,731,276
Net assets		1,255,214,534	1,115,231,564
Represented by:			
<u>Capital and reserves</u>			
Authorized certificate capital			
80,000,000 (June 30, 2022: 80,000,000)			
Modaraba certificates of Rs.10 each	14	920,000,000	920,000,000
Issued, subscribed and paid-up certificate capital	14	908,169,150	794,239,450
Certificate subscription money	15	-	13,058,890
Capital reserves		81,320,896	81,320,896
Revenue reserves		265,724,488	226,612,328
		1,255,214,534	1,115,231,564
Contingencies and commitments	16	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

LSE Capital Limited
(Modaraba Management Company)


Chief Financial Officer


Chief Executive Officer


Director


Director

MODARABA AL MALI
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

Note	Nine months period ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees			
Dividend Income	-	-	-	-
Income on deposits with Islamic banks	728,063	1,191,456	297,543	74,718
Income on Diminishing Musharaka transactions	6,551	25,686	-	9,970
Loss on disposal of property and equipment	-	(189,888)	-	(135,831)
Loss on disposal of assets held for sale, investment property	-	(2,993,928)	-	-
Rental income	-	2,450,000	-	1,050,000
	734,614	483,326	297,543	998,857
Realized gain on re-measurement of investments	2,917,585	-	-	-
Fair value adjustment through profit or loss - net	65,542	(29,682,289)	(16,481,295)	(16,025,308)
	3,717,741	(29,198,963)	(16,183,752)	(15,026,451)
Other income	-	162,312	-	162,312
Administrative and operating expenses	(14,270,931)	(23,071,483)	(6,184,125)	(8,839,743)
Other expenses	(53,120,160)	(3,819,769)	-	-
	(63,673,350)	(55,927,903)	(22,367,877)	(23,703,882)
Share of post tax profit of associated companies	60,118,625	51,692,493	28,380,647	51,692,493
Provision for services sales tax on management company's remuneration	-	-	-	-
Provision for Workers' Welfare Fund	-	-	-	-
Musharaka finance cost	-	(7,445,177)	-	-
(Loss) / profit for the period before taxation	(3,554,725)	(11,680,587)	6,012,770	27,988,611
Taxation	(7,892,437)	(865,834)	(7,092,437)	-
(Loss) / profit for the period after taxation	(11,447,162)	(12,546,421)	(1,079,667)	27,988,611
(Loss) / earnings per certificate - basic	(0.13)	(0.16)	(0.01)	0.35

The annexed notes from 1 to 28 form an integral part of these financial statements.

LSE Capital Limited
 (Modaraba Management Company)


 Chief Financial Officer


 Chief Executive Officer


 Director


 Director

MODARABA AL MALI
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

Note	Nine months period ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees			
(Loss) / profit for the period after taxation	(11,447,162)	(12,546,421)	(1,079,667)	27,988,611
Items that will not be reclassified to profit and loss account				
Share of comprehensive income of associates for the period	24	50,559,322	-	24,773,422
Less: Deferred tax liability attributable to share of associates	11.1	-	-	-
Reversal of excess deferred tax liability attributable to fair value reserve on reclassification of FVOCI equity investments		-	36,346,375	-
Other comprehensive income for the period		50,559,322	36,346,375	24,773,422
Total comprehensive income / (loss) for the period		39,112,160	23,799,954	23,693,755
				64,334,986

The annexed notes from 1 to 28 form an integral part of these financial statements.

LSE Capital Limited
(Modaraba Management Company)


Chief Financial Officer


Chief Executive Officer


Director

MODARABA AL-MALI
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

	Note	March 31, 2024 Rupees	March 31, 2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before taxation		(3,554,725)	(11,680,587)
Adjustments for non-cash charges and other items:			
Depreciation on property and equipment	6.1	681,408	151,859
Musharaka finance cost		-	7,445,177
Unwinding of interest on investments measured at amortized cost		-	1,832,631
Share of profit from associates	20	(60,118,625)	-
Realized gain on sale of equity investments		(2,917,585)	-
Fair value adjustment through profit or loss - net	9.1	(65,542)	(31,662,325)
Loss on disposal of property and equipment		-	189,888
Loss on disposal of investment property		-	2,993,928
		(62,420,344)	(19,048,842)
Operating loss before working capital changes		(65,975,069)	(30,729,429)
Decrease in current assets			
Advances, prepayments and other receivables		(9,406,579)	113,195,302
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		(21,349,165)	1,599,405
Security deposits		-	1,015,000
		(21,349,165)	2,614,405
Cash (used in) / generated from operations		(96,730,813)	85,080,278
Mausharaka finance cost paid		(6,811,644)	(2,839,500)
Income tax paid		(4,999,177)	(6,403,654)
Net cash (used in) / generated from operating activities		(108,541,633)	75,837,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets in own use	6.1	-	(269,900)
Purchase of long term investments	7.2	(6,421,310)	(429,565,188)
Proceeds from sale of long term investments		-	280,000,000
Proceeds from sale of investments classified at FVPL		21,797,585	-
Dividend income received from associates		29,366,146	-
Proceeds from disposal of investment property		-	19,020,483
Proceeds from disposal of property and equipment		-	2,015,853
Proceeds from diminishing Musharaka finances		158,210	312,853
Net cash generated from / (used in) investing activities		44,900,631	(128,485,899)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of musharaka finance - net	12	(50,000,000)	(10,000,000)
Issuance of certificate capital	15	100,870,810	-
Short term finance acquired	12	-	50,000,000
Profit paid to certificate holders		(482,821)	(482,821)
Net cash generated from financing activities		50,387,989	39,517,179
Net decrease in cash and cash equivalents		(13,253,013)	(13,131,596)
Cash and cash equivalents at beginning of the period		17,578,812	19,778,001
Cash and cash equivalents at end of the period	10	4,325,799	6,646,405

The annexed notes from 1 to 28 form an integral part of these financial statements.

LSE Capital Limited
(Modaraba Management Company)


Chief Financial Officer


Chief Executive Officer


Director


Director

MODARABA AL-MALI
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

Paid-up certificate capital	Certificate subscription money	Reserves				Revenue	Total reserves	Total	
		Capital				Unappropriated profit / (Accumulated loss)			
		Statutory reserve	Surplus on revaluation of Investment Property	Fair Value reserve	Total capital reserves				
Rupees									
Balance as at June 30, 2022 as previously stated	794,239,450	-	81,320,896	66,532,230	259,616,959	407,470,085	(39,161,180)	368,308,905	1,162,548,355
Effects for the correction of error (Note 5.1)	-	-	-	-	(75,288,918)	(75,288,918)	-	(75,288,918)	(75,288,918)
Balance as at June 30, 2022 as restated	794,239,450	-	81,320,896	66,532,230	184,328,041	332,181,167	(39,161,180)	293,019,987	1,087,259,437
Total comprehensive income for the six months - restated	-	-	-	-	-	-	-	-	-
Loss for the period ended December 31, 2022	-	-	-	-	-	-	(40,535,032)	(40,535,032)	(40,535,032)
Other comprehensive income for the period ended December 31, 2022 - restated	-	-	-	-	36,346,375	36,346,375	-	36,346,375	36,346,375
Transactions with owners of the Modaraba									
Fair value reserve on investments measured through FVOCI recycled to accumulated loss on reclassification of investments	-	-	-	-	(220,674,416)	(220,674,416)	220,674,416	-	-
Surplus on revaluation of investment property realized during the period	-	-	-	(66,532,230)	-	(66,532,230)	66,532,230	-	-
Balance as at December 31, 2022 as restated	794,239,450	-	81,320,896	-	-	81,320,896	207,510,434	288,831,330	1,083,070,780
Balance as at December 31, 2022 as previously stated	794,239,450	-	81,320,896	-	-	81,320,896	246,452,977	327,773,873	1,122,013,323
Effects for the correction of error (Note 5.1)	-	-	-	-	-	-	(38,942,543)	(38,942,543)	(38,942,543)
Balance as at December 31, 2022 as restated	794,239,450	-	81,320,896	-	-	81,320,896	207,510,434	288,831,330	1,083,070,780
Total comprehensive income for the six months	-	-	-	-	-	-	36,866,492	36,866,492	36,866,492
Profit for the year ended June 30, 2023	-	-	-	-	-	-	(17,764,598)	(17,764,598)	(17,764,598)
Other comprehensive loss for the year ended June 30, 2023	-	-	-	-	-	-	36,866,492	36,866,492	36,866,492
Transactions with owners of the Modaraba									
Certificate subscription money received during the year ended June 30, 2023	-	13,058,890	-	-	-	-	-	-	13,058,890
Balance as at June 30, 2023	794,239,450	13,058,890	81,320,896	-	-	81,320,896	226,612,328	307,933,224	1,115,231,564
Total comprehensive income for the six months	-	-	-	-	-	-	(11,447,162)	(11,447,162)	(11,447,162)
Loss for the period ended March 31, 2024	-	-	-	-	-	-	(11,447,162)	(11,447,162)	(11,447,162)
Other comprehensive income for the period ended March 31, 2024	-	-	-	-	-	-	50,559,322	50,559,322	50,559,322
Transactions with owners of the Modaraba									
Certificate subscription money received during the period ended December 31, 2023	-	100,870,810	-	-	-	-	-	-	100,870,810
Right certificates issued during the period	113,929,700	(113,929,700)	-	-	-	-	-	-	-
Balance as at March 31, 2024	908,169,150	-	81,320,896	-	-	81,320,896	265,724,488	347,045,384	1,255,214,534

The annexed notes from 1 to 28 form an integral part of these financial statements.

LSE Capital Limited
(Modaraba Management Company)


Chief Financial Officer


Chief Executive Officer


Director


Director

2024

6. PROPERTY AND EQUIPMENT
6.1 Operating fixed assets - tangible

At July 01, 2023

	Rupees							Total
	Lease hold land - fuel station	Building - fuel station	Office premises	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers
Cost	-	-	-	4,019,962	-	385,340	180,000	89,900
Accumulated depreciation	-	-	-	(203,231)	-	(6,529)	(34,600)	(25,219)
Net book value	-	-	-	3,816,731	-	378,811	145,400	64,681
Additions	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	(602,991)	-	(28,899)	(27,000)	(22,518)
Disposals / transfers	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Closing net book value	-	-	-	3,213,740	-	349,912	118,400	42,163
At March 31, 2024								
Cost	-	-	-	4,019,962	-	385,340	180,000	89,900
Accumulated depreciation	-	-	-	(806,222)	-	(35,428)	(61,600)	(47,737)
Net book value	-	-	-	3,213,740	-	349,912	118,400	42,163
Life (Years)	20	20	20	5	5	10	2 to 5	3

2023

	Rupees							Total
	Lease hold land - fuel station	Building - fuel station	Office premises - lease hold	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers
Cost	-	-	2,200,000	42,500	-	1,958,977	3,269,931	2,355,898
Accumulated depreciation	-	-	-	(42,500)	-	(1,870,240)	(3,174,200)	(2,355,898)
Net book value	-	-	2,200,000	-	-	88,737	95,731	-
Additions	-	-	-	-	-	-	-	-
<i>From third parties</i>	-	-	-	-	-	385,340	89,900	180,000
<i>From related party - Metatech Health Limited</i>	-	-	-	4,019,962	550,377	5,188,762	3,176,287	1,092,247
Depreciation charge for the year	-	-	-	(86,167)	(27,825)	(146,703)	(219,379)	(117,242)
Disposals / transfers	-	-	-	-	-	-	-	-
Cost	-	-	-	4,019,962	550,377	5,574,102	3,266,187	1,272,247
Depreciation	-	-	-	(203,232)	(27,825)	(146,703)	(219,379)	(117,242)
Transfers	-	-	-	-	-	-	-	-
Cost	-	-	2,200,000	42,500	550,377	7,147,739	6,446,218	3,448,145
Depreciation	-	-	(86,167)	(42,500)	(27,825)	(2,010,414)	(3,358,979)	(2,447,921)
Closing net book value	-	-	2,113,833	-	522,552	5,137,325	3,087,239	1,000,224
At June 30, 2023								
Cost	-	-	-	3,816,730	-	378,811	55,300	154,781
Accumulated depreciation	-	-	-	4,019,962	-	385,340	89,900	180,000
Net book value	-	-	-	(203,232)	-	(6,529)	(34,600)	(25,219)
Life (Years)	20	20	20	5	5	10	2 to 5	3

MODARABA AL-MALI**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL****STATEMENTS FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)****1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Modaraba Al-Mali (the "Modaraba") is a multipurpose and perpetual Modaraba floated in Pakistan on July 8, 1987 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("Modaraba Ordinance, 1980"), and Modaraba Companies and Modaraba Rules, 1981 ("Modaraba Rules, 1981"), and is being managed by LSE Capital Limited (the "Management Company"), a company registered under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Modaraba is listed on the Pakistan Stock Exchange Limited. The registered office of the Modaraba is relocated to 505, 5th Floor, LSE Plaza, Kashmir-Edgerton Road, Lahore, in the province of Punjab.

The Modaraba was previously engaged in the business of Leasing / Ijarah, Murabaha, Musharaka Financing and operation of petrol and diesel filling / service station. The Bank Islami Pakistan Limited had disposed off its ownership stake in the management company which was acquired by a new group. Upon transfer to the new management, the Modaraba's focus has been changed from conventional Islamic financing modaraba to undertaking Islamic venture capital, private equity and corporate & financial restructuring / rehabilitation transactions of potentially viable companies through resource mobilization. The new management of the Modaraba specializes in the business of restructuring and reviving of the dormant and listed shell companies through the utilization of its entrepreneurial and financial resources having sufficient regulatory experience. In order to align the competence, expertise and vision of the new management of Modaraba with its more dynamic and focused business objects that are aimed at reviving the dormant and listed shell companies, the management is exploring new business avenues and opportunities as per the available investment climate as well as maintaining the investors' (shareholders) confidence by providing them adequate return on their investments thereby maximizing their wealth.

- 1.2 As previously reported, the management of Modaraba had acquired 29.99% of the share capital of Messrs. Metatech Health Limited comprising 489,900 ordinary shares @ Rs. 51.03 per share having a total value of Rs. 25 million and recognized its investment in the said company as investment in associate. In pursuance of revival of company's business, the management of Modaraba had taken over all the assets of the company free from all encumbrances and incurred all the regulatory and corporate expenses that were necessary for the revival of the company for its smooth operations in addition to making payments against legal costs previously borne by the ex-sponsors of the company in connection with revival activities. However, the management of the Modaraba had sold its entire shareholding previously held in Metatech Health Limited on May 26, 2023 at a loss of Rs. 12.437 million.

On March 24, 2023, the management of the Modaraba, had also takeover the business operations of Messrs. Metatech Health Limited after the approval of members of the Company on the same date for a total purchase consideration of Rs. 0.470 million against the transfer of all the net assets owned by the Company to the Modaraba which were thereafter transferred to Messrs. Ensmile Limited by the Modaraba on June 30, 2023 against the total consideration of Rs. 2.626 million.

- 1.3 On November 15, 2023, the Board of Directors of the management company of the Modaraba in their meeting had decided a plan for the merger of the Modaraba with/into LSE Capital Limited subject to the approval of plan by the members of the Modaraba Management Company in their EOGM held on December 26, 2023. Accordingly, the proposed plan for the merger scheme of the Modaraba was approved by the members of the LSE Capital Limited in the above said EOGM. Under the approved plan of merger of Modaraba with/into LSE Capital Limited, the net assets as were appearing in the audited financial statements of the Modaraba are being acquired by the LSE Capital Limited under a swap ratio of 0.83:1 i.e. 0.83 shares of LSE Capital representing 13,669,630 shares to be issued against every one certificate of Modaraba representing 16,469,434 certificates.

The net assets of Modaraba to be acquired by the LSE Capital Limited at the book values as at June 30, 2023 are as follows:

<u>Assets</u>	<u>Rupees</u>
Property and equipment	4,405,622
Long-term investments	1,259,724,433
Tax refunds due from government	11,032,683
Current portion of diminishing musharaka	227,070
Ijarah finance	3,755,007
Advances, prepayments and other receivables	17,657,692
Short term investments	153,581,521
Cash and bank balances	17,578,812
	<u>1,467,962,840</u>
 <u>Liabilities</u>	
Deferred tax liabilities	(48,719,568)
Short term finance from related parties	(53,854,366)
Creditors, accrued and other liabilities	(236,036,565)
Security deposits	(3,762,138)
Unclaimed profit distribution	(10,358,639)
	<u>(352,731,276)</u>
 <u>Net assets</u>	
	<u>1,115,231,564</u>

Towards the endeavor of merger of the Modaraba, a petition for the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger (in terms of provisions of Sections 279 To 283 and all other enabling provisions of The Companies Act, 2017) has been duly filed with Honorable Lahore High Court on November 27, 2023 for its approval and to determine the SWAP ratio under the Scheme after the completion of all related corporate and legal formalities in this regard. On November 28, 2023, the Honorable High Court Lahore had ordered for the execution of merger proceedings and to hold EOGM of members of the company. The effective date of the Scheme is June 30, 2023 or as approved by the Honorable Lahore High Court.

Upon the completion of merger / amalgamation of the Modaraba with/into LSE Capital Limited through the intended Scheme, the Modaraba will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the shares of LSE Capital Limited shall be issued to the registered members / shareholders of the Modaraba. However, till the date of sanctioned order of the Honorable Lahore High Court, the Modaraba will continue its business activities regarding the management of investment portfolios and dealing in strategic investments.

- 1.4 Pakistan Credit Rating Agency (PACRA) has maintained long term entity rating of BBB+ and short term rating of A2 on March 25, 2022, for the Modaraba. The Modaraba has not undergone any fresh rating until the terminal date.

2. BASIS OF PREPARATION

Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP);
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations 2021; and
- Provisions of and directives issued by the Securities & Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations 2021 and IFASs differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations 2021 and IFASs have been followed.

These condensed interim financial statements do not include all the information 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, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Modaraba's financial position and performance since the last annual financial statements.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Modaraba.

2.3 Applicability of International Accounting Standard (IAS) 17 'Leases' and Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'

2.3.1 SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on modarabas with effect from July 1, 2003 and advised the management companies of modarabas that they may continue to prepare the financial statements of the modarabas without applying the requirements of IAS 17. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease) entered into by the Modaraba up to June 30, 2008. Currently, lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.2.

2.3.2 Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/2007 dated May 5, 2007. Under the above IFAS 2, the Ijarah transactions are accounted for in the following manner:

- Mu'jir (lessor) presents assets subject to Ijarah on their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognized as expense.
- Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

SECP, vide its letter No. SC/M/RW/SCM/2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS 2 shall be applied to Ijarah transactions executed on or after July 1, 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases and has treated the leasing transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

2.3.3 During the year ended June 30, 2019, NBF & Modaraba Association of Pakistan based on the clarification of SECP informed its members that SECP has deferred the applicability of IFRS 9 to the extent of provision for impairment for financings made by the Modaraba and required the Modaraba to follow all other requirements of IFRS 9.

Accordingly, the Modaraba had adopted all requirements of IFRS 9 and had determined the provision in respect of financings as per the requirements of the repealed Prudential Regulations in the financial statements for the year ended June 30, 2019. During the year ended June 30, 2020, the SECP extended the applicability of IFRS 9 for another period of one year i.e. year ending on June 30, 2021 which was further delayed until June 30, 2022.

However, during the year ended June 30, 2023, the SECP has further deferred the applicability of complete IFRS-9 for Modarabas until June 30, 2024. As previously reported, the Modaraba had already adopted all requirements of IFRS 9 with the exception of provision for impairment for financings which was determined in accordance with the requirements of the repealed Prudential Regulations (now Modaraba Regulations, 2021) therefore, the Modaraba continues to follow same practice in the current year. Nevertheless, the requirements of expected credit loss model would have no financial impact on the profitability of Modaraba had the said model been adopted by the Modaraba as it has not made any financing during the current period in line with its revised business policies and change in business portfolio. In addition to this, all the investments of Modaraba are in listed equity instruments and any change in fair value is being recorded in these financial statements in profit and loss account / other comprehensive income depending on the nature of investment portfolio. Further, the Modaraba has also investment in associated companies that are listed entities with sound footing and a proven track of profitability and sufficient liquidity.

2.4 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

2.4.1 New standards, interpretations and amendments to published approved accounting and reporting standards which are effective during the nine months period ended March 31, 2024 and are relevant:

There are certain other standards, amendments and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant for the Modaraba's financial reporting process and hence have not been disclosed here.

2.4.2 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are new standards and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Modaraba's annual accounting periods beginning on or after July 01, 2024. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

2.5 USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires the management to make judgments, estimates and assumptions 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. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. The areas where judgments were made in the application of accounting policies and estimates that are significant to these financial statements are the same as those that were disclosed in the last audited financial statements for the year ended June 30, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of Modaraba for the year ended June 30, 2023.

4. FINANCIAL RISK MANAGEMENT AND POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements of the Modaraba for the year ended June 30, 2023.

5. CORRECTION OF ERROR

The deferred tax liability attributed to fair value reserves was not erroneously computed and recognized in the financial statements for the year ended June 30, 2022. This deferred tax liability has also an impact on the period ended December 31, 2022 for the change in tax rates due to reclassification of investment previously measured at fair value through OCI to Investment in associate in that period. This error was rectified retrospectively in accordance with the requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The financial impact of this correction of error is disclosed below:

Balance Sheet	March 31, 2024	July 01, 2022
Non-current liabilities		
Increase in deferred tax liabilities	-	75,288,918
Capital and reserves		
Decrease in capital reserves	-	(75,288,918)
Profit and Loss Account		
Increase in other comprehensive income	36,346,374	-
Statement of changes in equity		
Increase in capital reserves	36,346,374	-
Decrease in capital reserves	-	(75,288,918)

Since the balance sheet for the period ended December 31, 2022 is not being presented therefore, the impact of reversal of deferred tax liability on the balance sheet for that corresponding interim period is not seen in these condensed interim financial statements. However, this impact on deferred tax liability is already included in the balance sheet for the year ended June 30, 2023. The correction of above stated error has no impact on the loss per certificate of the Modaraba for the period ended December 31, 2022.

	Note	Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
7. LONG TERM INVESTMENTS			
Investments in equity instruments - associated companies measured under equity method			
LSE Proptech Limited - quoted	7.1	323,053,257	322,499,846
LSE Ventures Limited - quoted	7.2	689,795,504	639,908,985
Ensmile Limited - unquoted	7.3	334,608,784	297,315,602
		<u>1,347,457,544</u>	<u>1,259,724,433</u>
7.1. LSE Proptech Limited - Quoted			
Movement during the period in investment in associate			
Balance as at July 01,		322,499,846	-
Add: Investment in LSE Proptech Limited on demerger of LSEFSL		-	315,731,785
Add: Gain on bargain purchase on acquisition of investment		-	16,984,710
Less: Share of loss after tax from associated company	20	176,411	(4,339,185)
Less: Share of post tax other comprehensive loss from associate		-	(5,877,464)
Less: Dividend income received		377,000	-
		<u>553,411</u>	<u>6,768,061</u>
Balance as at Mar 31, 2024		<u>323,053,257</u>	<u>322,499,846</u>
Number of shares of Rs. 10 each		<u>16,469,434</u>	<u>16,469,434</u>
Percentage of holding in LSE Proptech Limited		<u>18.28%</u>	<u>18.28%</u>
7.2. LSE Ventures Limited - Quoted			
Movement during the period in investment in associate			
Balance as at July 01, 2023		639,908,985	-
Add: Investment made in the share capital of associate	7.2.1	6,421,310	-
Add: Investment in LSE Ventures Limited on demerger of LSEFSL		-	573,187,584
Add: Gain on bargain purchase on acquisition of investment		-	30,834,477
Add: Share of profit after tax from associated company	20	40,745,746	50,985,304
Add: Share of post tax other comprehensive income / (loss) from associate	24	26,580,256	(15,098,380)
Less: Dividend income received		(23,860,793)	-
		<u>43,465,209</u>	<u>66,721,401</u>
Balance as at Mar 31, 2024		<u>689,795,504</u>	<u>639,908,985</u>
Number of shares of Rs. 10 each		<u>48,121,586</u>	<u>46,967,585</u>
Percentage of holding in LSE Ventures Limited		<u>26.79%</u>	<u>26.15%</u>
7.2.1 During the period, the Modaraba had acquired 1,154,000 ordinary shares of Messrs. LSE Ventures Limited @ Rs. 6.24 per share.			
7.3. Ensmile Limited - Unquoted			
Movement during the period in investment in associate			
Balance as at July 01, 2023		297,315,602	-
Investment made in the share capital of associate		-	289,396,637
Add: Share of profit after tax from associated company	20	19,196,468	13,801,318
Add: Share of post tax other comprehensive income / (loss) from associate		23,979,067	-
Less: Dividend income received		(5,882,353)	(5,882,353)
		<u>37,293,182</u>	<u>7,918,965</u>
Balance as at Mar 31, 2024		<u>334,608,784</u>	<u>297,315,602</u>
Number of shares of Rs. 10 each		<u>5,050,000</u>	<u>5,050,000</u>
Percentage of holding in Ensmile Limited		<u>33%</u>	<u>33%</u>

	Note	Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
-8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured and considered good			
Advance to broker		25,340	-
Advance against Coal Investments		10,000,000	-
Receivable from corporate entities	8.1	11,460,214	15,751,858
Defined benefit plan - staff gratuity		1,268,785	1,268,785
Prepayments		401,040	381,279
Others		3,908,892	255,770
		<u>27,064,271</u>	<u>17,657,692</u>
8.1 This represents the balance receivable from the following corporate parties:			
Related parties - Associated companies			
Unlisted companies			
Ensmile Limited		2,625,930	2,625,930
Digital Custodian Company Limited		8,834,284	13,125,928
		<u>11,460,214</u>	<u>15,751,858</u>

9. SHORT TERM INVESTMENTS

At fair value through profit and loss account

Investment in listed equity securities

9.1 Investment in listed equity securities

All shares have a nominal face value of Rs. 10 each

9.1 134,767,068 153,581,521

	March 31, 2024 (Un-Audited)			June 30, 2023 (Audited)				
	Number of shares	Cost	Fair value	Unrealized gain	Number of shares	Cost	Fair value	Unrealized loss
		----- Rupees -----				----- Rupees -----		
Gem board transport								
Universal Network Transport System	267,895	17,413,175	4,915,873	(11,693,622)	267,895	17,413,175	16,609,495	3,485,319
Food & personal care products								
Ghani Chemical Limited - Class B	12,509,749	125,097,490	129,851,195	11,759,164	14,509,749	145,097,490	136,972,031	(8,125,459)
Total as at March 31 / June 30,		<u>142,510,665</u>	<u>134,767,068</u>	<u>65,542</u>		<u>162,510,665</u>	<u>153,581,526</u>	<u>(4,640,140)</u>

9.2 Fair value of listed equity securities represents market value prevailing on March 31 / June 30.

		Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
10. CASH AND BANK BALANCES			
Balances with banks in:			
- profit and loss sharing accounts	10.1.	4,212,093	1,255,038
- current accounts		98,512	16,318,862
		4,310,605	17,573,900
Balances with State Bank of Pakistan		15,194	4,912
		<u>4,325,799</u>	<u>17,578,812</u>

10.1. These saving bank accounts carry profit at rates ranging from 8% to 12% (June 30, 2023: 10% to 13%) per annum.

11. DEFERRED TAX LIABILITIES

Deferred tax liabilities arising due to taxable temporary differences

Property and equipment

Defined benefit plan - staff gratuity

Short term investments

Long-term investments

104,592 130,763

367,948 367,948

(1,161,540) -

62,014,795 49,560,228

61,325,795 50,058,939

Deferred tax assets arising due to deductible temporary differences

Short term investments

- (1,339,371)

Net deferred tax liability as at December 31 / June 30

61,325,795 48,719,568

11.1 The reconciliation of this head of account is as follows:

	March 31, 2024			Balance as at December 31, 2023
	Balance as at June 30, 2023	Charged to profit and loss	Charged to other comprehensive	
Deferred Tax Liabilities				
Property and equipment	130,763	(26,171)	-	104,592
Defined benefit plan - staff gratuity	367,948	-	-	367,948
Short term investments	(1,339,371)	177,831	-	(1,161,540)
Long-term investments	49,560,228	12,454,567	-	62,014,795
	48,719,568	12,606,227	-	61,325,795

11.1 The Modaraba has carried forward taxable losses of Rs. 177.172 million (June 30, 2023: Rs. 116.249 million) at the reporting date. However, deferred tax assets amounting to Rs. 51.380 million (June 30, 2023: Rs. 33.712 million) in respect of unused tax losses has not been recognized in these condensed interim financial statements as the timing of generation of taxable profits in the foreseeable future is not assured with any degree of certainty against which these assets are to be adjusted / reversed.

		Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
12. SHORT TERM FINANCE FROM RELATED PARTIES			
Musharaka finance			
<i>Digital Custodian Company Limited - associated company</i>	12.1	-	50,000,000
Short term finance			
<i>LSE Capital Limited - Modaraba Management Company</i>		-	3,854,366
		<u>-</u>	<u>53,854,366</u>

12.1 This represented musharaka finance facility that was obtained from the above named public unlisted company in the sum of Rs. 50 million for a tenor of 276 days to meet its working capital requirements. It was unsecured and carried profit rate @ 6 months Kibor + 2% per annum. This facility along with profit was to be paid off in full on maturity. As per the mutually agreed terms between the parties, no profit after the tenor of 276 days was to be charged on the outstanding balance of musharaka finance. During the period, this balance was paid off in full.

12.2 This represented short term financial assistance availed from the above named related party to meet the operational requirements of the Modaraba's business. It was unsecured, interest free and had been paid off in full during the period.

13. CREDITORS, ACCRUED AND OTHER LIABILITIES

Management fee Payable - related party <i>LSE Capital Limited</i>	13.1	1,062,212	12,299,540
Accrued liabilities		3,212,716	2,759,037
Payable to provincial government		1,247,338	1,247,338
Profit Payable on musharaka certificate	13.2	-	6,811,644
Payable to gratuity fund		231,411	231,411
Payable to Ghani Chemical Industries Limited	13.3	185,945,836	205,945,836
Advance received against sale of shares		10,000,000	
Ijarah rental received in advance		-	29,381
Charity and donation		69,824	68,612
Others		6,106,424	6,643,766
		<u>207,875,761</u>	<u>236,036,565</u>

13.1 The Modaraba Management Company is entitled to a remuneration for services rendered to Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of Modaraba. Since, the Modaraba had again incurred a loss during the current interim period, therefore, no provision for management fee for the current period has been recognized in these condensed interim financial statements. However, the Modaraba had paid an amount of Rs. 11.237 million during the period to the management company against the management fee for prior periods.

13.2 This represented profit payable to Digital Custodian Company Limited, an associated company, on the musharaka finance facility obtained from the said party. This balance had been adjusted in full against the balance receivable from the said related party.

13.3 This represents the balance payable to the above named company by the Modaraba for the purchase of shares as per the duly executed term sheet as disclosed in note 12.3 of the audited financial statements of the Modaraba for the year ended June 30, 2023.

	Un-Audited March 31, 2024	Audited June 30, 2023
14. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL		
Authorized certificate capital	(Number of certificates)	
Modaraba certificates of Rs.10 each	<u>92,000,000</u>	<u>92,000,000</u>
Issued, subscribed and paid-up certificate capital		
Modaraba Certificates of Rs. 10 each fully paid in cash	13,569,000	13,569,000
Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	4,688,400	4,688,400
Modaraba Certificates of Rs. 10 each issued on merger	166,545	166,545
Modaraba Certificates of Rs. 10 each issued as fully paid right issue certificates	72,392,970	61,000,000
	<u>90,816,915</u>	<u>79,423,945</u>

14.1 The reconciliation of the number of certificates at the beginning and end of the period is as follows:

Balance as at July 01, 2023		79,423,945	79,423,945
Add: Right issue of modaraba certificates	15	11,392,970	-
Balance as at March 31, 2024		<u>90,816,915</u>	<u>79,423,945</u>

On July 10, 2023, the management of Modaraba has issued modaraba certificates against the right offer made by the Board of Directors of the Modaraba on March 29, 2023 for the issue of right Modaraba certificates comprising 11,392,970 certificates of Rs. 10 each amounting to Rs. 113,929,700 representing 14.34% of the existing certificate capital of the Modaraba as per the provisions of Section 83 of the Companies Act, 2017. The certificates are issued to the following major related parties of the Modaraba as per the decision of its Board of Directors after the lapse of last date of subscription of modaraba certificates. Accordingly, the unsubscribed portion is allotted as follows:

<u>Name of the party</u>	<u>Relationship</u>	<u>%age of holding</u>	<u>Number of certificates held</u>	
LSE Capital Limited	Modaraba Management company	56.11%	6,392,970	-
Digital Custodian Company Limited	Associated company	43.89%	5,000,000	-
		<u>100%</u>	<u>11,392,970</u>	<u>-</u>

14.2 The certificate capital of the Modaraba is held by the following associates:

<u>Name of the party</u>	<u>%age of holding</u>	<u>Number of certificates held</u>	
Modaraba Management Company			
LSE Capital Limited	17.05%	15,487,560	9,103,703
Associated company			
Digital Custodian Company Limited	14.25%	12,943,905	7,943,905
Substantial shareholder			
Danish Elahi	27.73%	25,188,000	25,188,000
Directors			
Mr. Aftab Ahmad Chaudhary	2.03%	1,843,000	5,776,440
Mr. Usman Hassan	0.00%	2,155	2,155
	<u>61.07%</u>	<u>55,464,620</u>	<u>48,014,203</u>

	Un-Audited March 31, 2024	Audited June 30, 2023
15. CERTIFICATE SUBSCRIPTION MONEY		
Balance as at July 01,	13,058,890	-
Add: Subscription money received during the period	100,870,810	13,058,890
Less: Right issue of certificates	14.1 (113,929,700)	-
Balance as at December 31 / June 30,	<u><u>-</u></u>	<u><u>13,058,890</u></u>

This represents the subscription money received from the major related parties of the Modaraba against the right offer made by the Board of Directors of the Modaraba and their decision after the lapse of last date of deposit of subscription money for modaraba certificates. During the period, this subscription money has been converted into the certificate capital of the Modaraba after complying with all the legal formalities as regards to the allotment of certificates on July 10, 2023 .

16. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no material contingencies of the Modaraba as at the reporting date (June 30, 2023: Nil).

Commitments

There were no known commitments of the Modaraba outstanding as at March 31, 2024 (June 30, 2023: Nil).

	Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
17. RENTAL INCOME	<u><u>-</u></u>	<u><u>2,450,000</u></u>

This represents rental income received from ex-associated company of the Modaraba namely; MetaTech Trading Limited against the rental of office premises owned by the Modaraba to the said party under an operating lease arrangement.

18. ADMINISTRATIVE AND OPERATING EXPENSES

		Un-Audited		Un-Audited	
		Nine months period ended		Quarter ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Salaries, allowances and other benefits	18.1	175,017	5,012,899	80,527	1,911,188
Rent, rates and taxes		300,000	880,768	-	150,000
Fuel and conveyance		383,079	285,821	202,264	94,277
Repairs and maintenance		22,500	742,392	7,500	199,722
Legal and professional		1,419,226	5,528,054	692,420	1,757,990
Travelling and conveyance		116,450	723,919	57,380	124,560
Telephone		-	18,000	-	6,000
Entertainment		1,217,780	2,690,713	430,200	1,583,472
Insurance		-	44,621	-	-
Printing and stationery		161,595	686,648	63,010	169,863
Auditors' remuneration		226,200	1,172,955	26,200	972,955
Subscription		1,133,275	545,796	298,443	302,999
Registrar services		467,409	275,200	67,800	111,800
Postage		9,644	99,804	3,656	30,860
Advertisement		-	316,699	-	60,499
Others	18.2	7,957,348	3,895,235	4,027,561	1,322,513
Depreciation	6.1	681,408	151,859	227,164	41,045
		14,270,931	23,071,383	6,184,125	8,839,743

18.1 These include contribution to Employees Provident Fund amounting to Rs. Nil (December 31, 2022: Rs. 162,819).. During the period, no expenses as regards to salaries, benefits and perquisites to staff has been borne by the Modaraba as the management of Modaraba had terminated all the employees previously employed by Modaraba w.e.f. May 01, 2023 and had employed them to various group companies in view of limited operations of Modaraba being managed under the direct supervision of its Management Company namely; LSE Capital Limited.

18.2 This includes Rs. 2,256,433 (December 31, 2022: Rs. Nil) on account of expenses charged by an associated company of the Modaraba namely; LSE Ventures Limited in connection with the business acquisition of ex-associated company of the Modaraba namely; Messrs. Metatech Trading Limited.

		Un-Audited March 31, 2024 Rupees	Audited June 30, 2023 Rupees
19. OTHER EXPENSES		53,120,160	3,819,769

19.1 This represents an amount of Rs. 53.120 million (December 31, 2022: Rs. Nil) charged by the Management Company of the Modaraba namely; LSE Capital Limited for its services in connection with the management of investment portfolio owned by the Modaraba.

	Note	Un-Audited		Un-Audited	
		Nine months ended		Quarter ended	
		March 31, 2024	March 31, 2022	March 31, 2023	March 31, 2022
20. SHARE OF POST TAX PROFIT OF ASSOCIATED COMPANIES					
Investments in listed equity instruments					
LSE PropTech Limited	7.2	176,411	-	(406,592)	-
LSE Ventures Limited	7.1	40,745,746	-	30,453,760	-
Investments in unlisted equity instruments					
Ensmile Limited	7.3	19,196,468	-	19,196,468	-
		60,118,625	-	49,243,636	-

21. PROVISION FOR WORKER'S WELFARE FUND

Since the Modaraba has suffered a loss before taxation as well as taxable loss, therefore, no provision for Worker's Welfare Fund has been incorporated in these condensed interim financial statements.

22.	TAXATION	Note	Un-Audited		Un-Audited	
			Nine months period ended		Quarter ended	
			March 31, 2024 Rupees	March 31, 2023 Rupees	March 31, 2024 Rupees	March 31, 2023 Rupees
	Current tax					
	Minimum tax	22.1	4,371	13,959	4,371	-
	Final tax regime		4,899,110	-	4,099,110	(851,875)
			4,903,482	13,959	4,103,481	(851,875)
	Deferred tax					
	for the year	11.1	2,988,956	851,875	2,988,956	851,875
			7,892,437	865,834	7,092,436	-

22.1 The Modaraba had incurred an accounting loss before taxation amounting to Rs. 9.567 million (December 31, 2022: Rs. 39.669 million) as well as taxable loss for the period in the sum of Rs. 60.923 million (December 31, 2022: Rs. 65.930 million), therefore no provision for taxation in respect of normal tax and alternate corporate tax is applicable in the instantly case.

The income tax returns of the Modaraba have been filed upto the financial year ended June 30, 2023 which are deemed assessed under the Income Tax Ordinance, 2001, unless selected for audit by taxation authorities.

23.	(LOSS) / EARNINGS PER CERTIFICATE	Note	Un-Audited		Un-Audited	
			Nine months period ended		Quarter ended	
			March 31, 2024 Rupees	March 31, 2023 Rupees	March 31, 2024 Rupees	March 31, 2023 Rupees
	(Loss) / earnings for the period		(11,447,162)	(12,546,421)	(1,079,667)	27,988,611
	Weighted average number of certificates outstanding during the period	23.1	90,259,650	79,423,945	90,259,650	79,423,945
	(Loss) / earnings per Modaraba certificate - basic		(0.13)	(0.16)	(0.01)	0.35

23.1 Weighted average number of modaraba certificates (basic and diluted)		(Number of certificates)	
	Issued ordinary shares as at July 01,	79,423,945	79,423,945
	Effect of right issue	10,835,705	-
	Weighted average number of ordinary shares as at December 31,	90,259,650	79,423,945

Diluted earnings per certificate has not been presented as the Modaraba did not have any convertible instruments in issue as at December 31, 2022 and 2023 which would have any effect on the (loss) / earnings per certificate if the option to convert is exercised.

24.	SHARE OF COMPREHENSIVE INCOME OF ASSOCIATES	Note	Un-Audited		Un-Audited	
			Nine months period ended		Quarter ended	
			March 31, 2024 Rupees	March 31, 2023 Rupees	March 31, 2024 Rupees	March 31, 2023 Rupees
	Investments in listed equity instruments					
	LSE Ventures Limited	7.2	50,559,322	51,692,493	50,559,322	51,693,493

25. RELATED PARTY TRANSACTIONS

The related parties comprise of Modaraba management company, major certificate holders and their family members, directors of the Modaraba management company and their close family members, key management personnel of the Modaraba and the management company and their close family members, the provident and gratuity funds and entities with common directors or under common management.

25.1 Outstanding balances receivable from / (payable to) have been disclosed in the relevant notes to these condensed interim financial statements. Other transactions entered into with related parties during the period are as follows:

<u>Name of the party and nature of transactions</u>	<u>Relationship</u>	<u>(Un-audited)</u> <u>Half year ended</u>	
		<u>March 31,</u> <u>2024</u> <u>Rupees</u>	<u>March 31,</u> <u>2023</u> <u>Rupees</u>
LSE Capital Limited			
Short term finance acquired		-	50,000,000
Repayment of short term finance	Modaraba Management Company	(64,357,488)	-
Expenses charged by the party		53,120,160	-
Certificate subscription money received		63,929,700	-
LSE Ventures Limited			
Investment made in associate		6,421,310	-
Share of post tax profit from associate	Associated company	40,745,746	-
Share of post tax other comprehensive income from associat		26,580,256	-
Dividend received from associate		23,860,793	-
LSE Proptech Limited			
Share of post tax loss from associate	Associated company	176,411	-
Dividend received from associate		(377,000)	-
Ensmile Limited			
Share of post tax profit from associate	Associated company	19,196,468	-
Dividend received from associate		5,882,353	-
MetaTech Health Limited			
Rental income	Ex-associated company	-	1,400,000
Digital Custodian Company Limited			
Issuance of certificate capital against musharaka finance		50,000,000	-
Legal and professional expenses borne on behalf of the party	Associated company	2,520,000	-
Musharaka finance (repaid) / obtained from the party		(50,000,000)	50,000,000
Musharaka finance cost		-	7,445,177
Retirement benefits			
Contributions to staff provident fund	Employee benefits	-	162,819
Contribution to staff gratuity fund		-	5,292

26. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regulatory occurring market transactions on an arms' length basis.

IFRS 13, "Fair Value Measurement" requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The Modaraba recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The Modaraba's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity); and
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

The carrying values of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair value.

The following table shows the carrying amounts and fair values of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value				
	FVTPL	Financial assets at amortized cost	Other financial liabilities - at amortized cost	Total	Level 1	Level 2	Level 3	Total
March 31, 2024								
Financial assets - measured at fair value								
Investments in equity securities	134,767,068	-	-	134,767,068	134,767,068	-	-	134,767,068
Financial assets - not measured at fair value								
Advances and other receivables	-	15,394,446	-	16,007,628	-	-	-	-
Cash and Bank balances	-	4,325,799	-	17,578,812	-	-	-	-
Diminishing Musharaka	-	68,859	-	227,069	-	-	-	-
Ijarah Finance	-	3,755,007	-	3,755,007	-	-	-	-
	134,767,068	23,544,111	-	172,335,584	134,767,068	-	-	134,767,068
Financial liabilities - not measured at fair value								
Creditors, accrued and other liabilities	-	-	196,397,012	196,397,012	-	-	-	-
Musharaka finance	-	-	-	-	-	-	-	-
Security deposits	-	-	3,762,138	3,762,138	-	-	-	-
Unclaimed profit distribution	-	-	9,875,818	9,875,818	-	-	-	-
	-	-	210,034,968	210,034,968	-	-	-	-
June 30, 2023								
Financial assets - measured at fair value								
Investments in equity securities	153,581,521	-	-	153,581,521	153,581,521	-	-	153,581,521
Financial assets - not measured at fair value								
Advances and other receivables	-	16,007,628	-	16,007,628	-	-	-	-
Cash and Bank balances	-	17,578,812	-	17,578,812	-	-	-	-
Diminishing Musharaka	-	227,069	-	227,069	-	-	-	-
Ijarah Finance	-	3,755,007	-	3,755,007	-	-	-	-
	153,581,521	37,568,516	-	191,150,037	153,581,521	-	-	153,581,521
Financial liabilities - not measured at fair value								
Creditors, accrued and other liabilities	-	-	234,759,846	234,759,846	-	-	-	-
Musharaka finance	-	-	53,854,366	53,854,366	-	-	-	-
Security deposits	-	-	3,762,138	3,762,138	-	-	-	-
Unclaimed profit distribution	-	-	10,358,639	10,358,639	-	-	-	-
	-	-	302,734,989	302,734,989	-	-	-	-

27. GENERAL

27.1 The figures in these condensed interim financial statements have been rounded off to the nearest Rupee.

27.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, no major reclassification has been made in the corresponding figures during the period except for the correction of error as disclosed in Note 5.1 of these condensed interim financial statements.

28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Modaraba Management


Chief Financial Officer


Chief Executive Officer


Director


Director