



Modaraba Al-Mali

**Managed by:
AssetPlex Limited**

*Half Yearly Report
December 31, 2022
(Un-audited)*

www.modarabaalmali.com

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CORPORATE INFORMATION

Board of Directors	Mr. Usman Hassan	Chairman
	Mr. Siddique-ur Rehman Khurram	Director/ Chief Executive Officer
	Ms. Aasiya Riaz	Director
	Mr. Hafiz Mudassir Alam	Director
	Mr. Muhammad Usman	Director
	Mr. Aoun Muhammad	Director
Audit Committee	Mr. Hussain Ahmed Ozgen	Chairman
	Mr. Muhammad Usman	Member
	Mr. Usman Hassan	Member
	Mr. Mansoor Ahmed	Secretary
HR & Remuneration Committee	Mr. Hussain Ahmed Ozgen	Chairman
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Muhammad Usman	Member
	Mr. Muhammad Adeel Rehman	Secretary
Risk Committee	Mr. Usman Hassan	Chairman
	Mr. Hussain Ahmed Ozgen	Member
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Muhammad Adeel Rehman	Secretary
Nomination Committee	Mr. Usman Hassan	Chairman
	Mr. Hafiz Mudassir Alam	Member
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Muhammad Adeel Rehman	Secretary
Mangement Team	Mr. Siddique Ur Rehman Khurram	Chief Executive Officer
	Mr. Rashid Matin Khan	Chief Operating Officer
	Mr. Muhammad Adeel Rehman	CFO/Company Secretary
Auditor	Kreston Hyder Bhimji & Co. Chartered Accountants	
Legal Advisor & Consultant to the Merger	Bawaney & Partners Mohsin Tayebaly & Co.-Advocate & Legal Consultants	
Bankers & Financers	BankIslami Pakistan Limited Bank Al-Falah Limited Faysal Bank Limited Meezan Bank Limited JS Bank Limited	
Registrar & Share Registrartion Office	F.D Registrar Services (Pvt.) Limited Saima Trade Tower A 17th Floor I.I Chaundrigar Road Karachi	
Registered Office	Office # 508 LSE Plaza Khayaban-e-Aiwan-e-Iqbal Lahore E-mail: info@modarabaalmali.com URL: http:// www.modarabaalmali.com	

DIRECTORS' REPORT

Board of Directors of Assetplex Modaraba Management Limited, the Management Company of Modaraba Al-Mali (MODAM), is pleased present financial statements (limited reviewed by the statutory auditors) for the 1st half ending on December 31, 2022.

Financial Results	December 31, 2022	December 31, 2021
	(Rupees)	
Net Revenue	(516)	5,749
Other Income	(17,477)	16,798
Net Profit	(40,535)	57
Profit/(Loss) per Certificate	(051)	0.00
Transfer to Statutory Reserve	Nil	Nil

Operational Performance:

- Modaraba has disposed of offices but the resultant revaluation surplus of Rs. 66.532million is directly transferred to retained earnings. This net profit is Rs. 25.997million;
- There is loss on re-measurement of investments;
- 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

Financial & Business Plan

- 1 Modaraba is acquiring Health Care Business (including equity Investment of PKR 300million made in Ensmile Limited for 1/3rd equity stake) from Metatech Health Limited (META). This transfer shall involve the acquisition of health care business from Metatech Health Limited, which shall not be limited to dental studios (being established across the Country by META), equity investment of Rs. 300.00 million made in Ensmile Limited (for its 1/3rd equity stake) and related liabilities against the consideration of Rs. 9.00million (approx.) based on half yearly accounts ending on December 31, 2022. All tangible and intangible assets (and related liabilities) are being transferred/disposed of

by META as on effective date i.e., March 24, 2023. Adjustment in assets and liabilities shall be made (including determination of consideration) on the effective date of transfer.

- 2 Increase of Authorized Capital (Fund) from Rs. 800.00 million to Rs. 920.00 million (subject to the approval from Registrar Modaraba. Corporate formalities shall be completed in due course of time. This increase of capital may be utilized in bonus issue/ right issue(s).
- 3 Merger of Modaraba Al-Mali is being approved along with Assetplex Limited (as a transferor) with and into Digital Custodian Company Limited (as a transferee).

Acknowledgement

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

Special thanks to our certificate holders for the trust and confidence reposed in us.

On behalf of the Board

Lahore:
February 27, 2023

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Siddique-ur Rehman Khurram
Chief Executive Officer

**TO THE CERTIFICATE-HOLDERS OF METATECH HEALTH LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Messrs Modaraba Al Mali (“the Modaraba”) as at December 31, 2022, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six month period then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2022 have not been reviewed and we do not express a conclusion on them.

The financial statements for the half year ended December 31, 2021 and for the year ended June 30, 2022 were reviewed and audited by another auditor namely; KPMG Taseer Hadi & Co., Chartered Accountants, who expressed unmodified conclusion and unmodified opinion on February 28, 2022 and October 20, 2022 respectively.

--Sd--

Muhammad Usman Shah, ACA.
KRESTON HYDER BHIMJI & CO.

Lahore: CHARTERED ACCOUNTANTS
UDIN Number: RR202210269R7Ww2Ipb5

Lahore:
March 07, 2023

CONDENSED INTERIM BALANCE SHEET As at December 31, 2022

		(Un-audited) December 31, 2022	Restated (Audited) June 30, 2022
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	6	2,473,644	2,384,468
Long-term investments	7	1,205,498,494	1,061,557,187
Long-term portion of diminishing musharaka	8	-	117,322
		<u>1,207,972,138</u>	<u>1,064,058,977</u>
Current assets			
Tax refunds due from government	9	24,745,573	18,540,284
Current portion of diminishing musharaka	8	398,800	455,176
Ijarah finance	10	3,755,007	3,755,007
Advances, deposits, prepayments and other receivables	11	3,520,385	117,809,299
Investments	12	18,666,076	13,124,176
Cash and bank balances	13	5,653,055	19,778,001
		<u>56,738,896</u>	<u>173,461,943</u>
Non-current asset held for sale	14	-	96,616,000
		<u>56,738,896</u>	<u>270,077,943</u>
		<u>1,264,711,034</u>	<u>1,334,136,920</u>
Total assets			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15	956,469	104,594
		<u>956,469</u>	<u>104,594</u>
Current liabilities			
Musharaka finance	16	50,000,000	60,000,000
Shor term finance	17	50,000,000	-
Creditors, accrued and other liabilities	18	27,018,286	22,726,605
Security deposits	19	4,847,138	3,797,138
Unclaimed profit distribution		9,875,818	10,358,639
		<u>141,741,242</u>	<u>96,882,382</u>
Liabilities directly associated with the asset held for sale	14	-	74,601,589
		<u>141,741,242</u>	<u>171,483,971</u>
		<u>142,697,711</u>	<u>171,588,565</u>
		<u>1,122,013,323</u>	<u>1,162,548,355</u>
Net assets			
Represented by:			
Capital and reserves			
Authorised certificate capital			
80,000,000 (June 30, 2022: 80,000,000)			
Modaraba certificates of Rs.10 each	20	800,000,000	800,000,000
Issued, subscribed and paid-up certificate capital	20	794,239,450	794,239,450
Capital reserves		81,320,896	407,470,085
Revenue reserves		246,452,977	(39,161,180)
		<u>1,122,013,323</u>	<u>1,162,548,355</u>
Contingencies and commitments			
	21	-	-

The annexed notes from 1 to 31 form an integral part of these financial statements.

AssetPlex 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

Note	Half year ended		Quarter ended		
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
----- (Rupees) -----					
Income from operation of fuel station	22	-	5,272,728	-	2,861,787
Income on deposits with Islamic banks		1,116,738	327,038	204,868	-
Income on Diminishing Musharaka transactions		15,716	148,876	11,480	85,857
Loss on disposal of property and equipment		(54,057)	-	(54,057)	-
Loss on disposal of assets held for sale, investment property		(2,993,928)	-	(66,478,015)	-
Profit on term deposits		-	-	-	134,137
Rental income	23	1,400,000	1,050,000	-	-
		(515,531)	5,748,642	(65,265,724)	3,081,781
Expenses on fuel station operations	22	-	(3,262,453)	-	(1,751,360)
Realized (loss) / gain on re-measurement of investments classified as financial assets at fair value through profit or loss-net		(13,656,981)	10,246,590	(746,582)	(7,471,418)
		(14,172,512)	12,732,779	(66,012,306)	(6,140,997)
Other income		-	6,551,205	-	3,927,651
Administrative and operating expenses	24	(14,231,740)	(14,295,598)	9,223,959	(6,125,583)
Other expenses		(3,819,769)	-	(41,396,866)	-
		(32,224,021)	4,988,386	(98,185,213)	(8,338,929)
Provision for services sales tax on management company's remuneration	14.1	-	(648)	13,142	1,149
Provision for Workers' Welfare Fund	19	-	(97,811)	1,840,619	153,813
Musharaka Finance Cost		(7,445,177)	-	(5,041,096)	-
(Loss) / Profit for the period before taxation		(39,669,198)	4,889,927	(101,372,548)	(8,183,967)
Taxation	25	(865,834)	4,833,290	(3,576,242)	2,553,631
(Loss) / Profit for the period after taxation		(40,535,032)	56,637	(97,796,306)	(10,737,598)
(Loss) / Earnings per certificate - basic	26	(0.51)	0.00	(1.23)	(0.48)

The annexed notes from 1 to 31 form an integral part of these financial statements.

AssetPlex Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

Modaraba Al-Mali

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

Note	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees)-----			
Profit for the period after taxation	(40,535,032)	56,637	(97,796,306)	(10,737,598)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(40,535,032)	56,637	(97,796,306)	(10,737,598)

The annexed notes from 1 to 31 form an integral part of these financial statements.

AssetPlex Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

Modaraba Al-Mali

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	Note	-----Rupees-----
CASH FLOWS FROM OPERATING ACTIVITIES		
(loss) / Profit for the period before taxation	(39,669,198)	4,889,927
Adjustments for non-cash charges and other items:		
Finance cost on right of use asset (ROUA)	-	8,408
Depreciation on property and equipment	110,814	535,898
Musharaka finance cost	7,445,177	-
Other expenses	1,832,631	-
Unrealized loss on re-measurement of investments classified as financial assets at fair value through profit or loss-net	(5,541,900)	-
Loss on disposal of property and equipment	54,057	-
Loss on disposal of investment property	2,993,928	-
	6,894,707	544,306
	(32,774,491)	5,434,233
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	114,288,914	(12,082,223)
Inventory	-	(3,083,308)
	114,288,914	(15,165,531)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(313,996)	30,232,010
Security deposits	1,050,000	15,000
	736,004	30,247,010
Cash generated from operations	82,250,427	20,515,712
Mausharaka finance cost paid	(2,839,500)	-
Income tax paid	(6,219,248)	(1,291,807)
Net cash generated from operating activities	73,191,679	19,223,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets in own use	(269,900)	-
Purchase of long term investments	(425,773,938)	(34,856,075)
Proceeds from sale of investments	280,000,000	-
Purchase of short term investments	-	(27,470,226)
Proceeds from disposal of investment property	19,020,483	-
Proceeds from disposal of property and equipment	15,853	-
Proceeds from diminishing Musharaka finances	173,698	2,131,939
Net cash used in investing activities	(126,833,804)	(60,194,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of musharaka finance - net	(10,000,000)	-
Short term finance acquired	50,000,000	-
Payment of lease liability	-	(450,000)
Receipt of right issue subscription	-	144,560,950
Profit paid to certificate holders	(482,821)	(6,106,880)
Net cash generated from financing activities	39,517,179	138,004,070
Net (decrease) / increase in cash and cash equivalents	(14,124,946)	97,033,613
Cash and cash equivalents at beginning of the period	19,778,001	53,350,982
Cash and cash equivalents at end of the period	13 5,653,055	150,384,595

The annexed notes from 1 to 31 form an integral part of these financial statements.

AssetPlex 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 HALF YEAR ENDED DECEMBER 31, 2022

	Reserves						Total reserves	Total	
	Capital					Revenue			
	Paid-up certificate capital	Premium on issue of certificates	Statutory reserve	Surplus on revaluation of Investment Property	Fair Value reserve	Total capital reserves			Unappropriated profit / (Accumulated loss)
Rupees									
Balance as at June 30, 2021	184,239,450	511,409	73,642,584	66,532,230	-	140,686,223	(55,283,857)	85,402,366	269,641,816
Right issue	144,560,950	-	-	-	-	-	-	-	144,560,950
Final cash dividend of Re. 0.37 per certificate for the year ended June 30, 2022	-	-	-	-	-	-	(6,816,860)	(6,816,860)	(6,816,860)
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	56,537	56,537	56,537
Balance as at December 31, 2021	328,800,400	511,409	73,642,584	66,532,230	-	140,686,223	(62,044,180)	78,642,043	407,442,443
Right issue	465,439,050	-	-	-	-	-	-	-	465,439,050
Expenses incurred on issuance of right issue	-	(511,409)	-	-	(511,409)	-	(35,136,739)	(35,648,148)	(35,648,148)
Fair value gain on investments measured	-	-	-	-	252,294,840	252,294,840	-	252,294,840	252,294,840
Total comprehensive income for the six months period ended June 30, 2022	-	-	-	-	-	-	38,335,023	38,335,023	38,335,023
Other comprehensive loss for the year ended June 30, 2022	-	-	-	-	-	-	(308,153)	(308,153)	(308,153)
Transfer to statutory reserve	-	-	7,678,312	-	-	-	(7,678,312)	-	1,127,555,055
Balance as at June 30, 2022	794,239,450	-	81,320,896	66,532,230	252,294,840	392,496,654	(66,832,361)	325,637,239	1,127,555,055
Balance as at July 31, 2022 - as previously reported	794,239,450	-	81,320,896	66,532,230	252,294,840	400,147,966	(66,832,361)	333,315,605	1,127,555,055
Effects for the correction of error (Note 5.1)	-	-	-	-	-	-	27,671,181	27,671,181	27,671,181
Effects for the correction of error (Note 5.2)	-	-	-	-	7,322,119	7,322,119	-	7,322,119	7,322,119
Balance as at July 31, 2022 - as restated	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
Fair value reserve on investments measured through FVOCI transferred to accumulated loss	-	-	-	-	(259,616,959)	(259,616,959)	259,616,959	-	-
Surplus on revaluation of investment property realized during the period	-	-	-	(66,532,230)	-	(66,532,230)	66,532,230	-	-
Total comprehensive income for the six months period ended December 31, 2022	-	-	-	-	-	-	(40,535,032)	(40,535,032)	(40,535,032)
	794,239,450	-	81,320,896	-	-	81,320,896	246,452,977	327,773,873	1,122,013,323

The annexed notes from 1 to 31 form an integral part of these financial statements.

AssetPlex Limited (Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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 managed by AssetPlex 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 situated at 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. Bank Islami Pakistan Limited has disposed off its ownership stake in the management company of the Modaraba which has now been acquired by a new group. Upon transfer to the new management, the Modaraba's focus has been changed from conventional Islamic financing modaraba to undertake Islamic venture capital, private equity and corporate & financial restructuring / rehabilitation transactions of potentially viable companies through resource mobilization.

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.

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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company'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'

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.

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:

- Mujir (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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

- 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.

During the year ended June 30, 2019, NBFI & 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.

With effect from July 01, 2022, the Modaraba has adopted the requirements of IFRS 9 as to the provision for impairment for financings made by it. However, this requirement has no financial impact on the profitability of Modaraba as the Modaraba has not made any financing during the current period in line with its strategic management of business 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 condensed interim financial statements in profit and loss account / other comprehensive income.

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

New standards, interpretations and amendments to published approved accounting and reporting standards which are effective during the half year ended December 31, 2022 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, 2022 but are considered not to be relevant for the Modaraba's financial reporting process and hence have not been disclosed here.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

beginning on or after July 01, 2023. 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, 2022.

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, 2022, except for the following which have been adopted during the current period.

Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

In case where an investment held in the equity instruments of an investee have previously been classified as FVOCI under IFRS 9, Financial Instruments becomes an associate as defined in the Companies Act, 2017 and International Financial Reporting Standards, where the investment in the investee exceeds 20% of its entire share capital but does not exceed 50%, in such case, the fair value reserve accumulated in the statement of changes in equity in respect of such investment is transferred to retained earnings and the investment is classified as Investment in associate in accordance with IAS 28, Investment in Associates and Joint Ventures. Under this method, the investment is measured at cost which is the fair value of the investment at the date of classification as an investment in associate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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, 2022.

5. CORRECTION OF ERRORS

During the FY June 30, 2022, the Modaraba has inadvertently recognized deferred tax liability on the investment property classified as held for sale in the profit and loss account. Since, the said property had been acquired by the Modaraba for the past many years and accordingly does not come under the ambit of taxation on capital gain. As a result, the deferred tax previously recognized on this property and classified as liabilities directly associated with assets held for sale couldn't be reversed on the disposal of property, therefore, the deferred tax liability pertaining to assets held for sale recognized in the year ended June 30, 2022 is being reversed 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	July 1, 2022
Current liabilities	
(Decrease) in liabilities directly associated with the asset held for sale	(27,671,181)
Increase in revenue reserves	27,671,181
Statement of changes in equity	
Increase in revenue reserves	27,671,181

During the FY June 30, 2022 another error was also observed in the valuation of investment in the shares of LSE Financial Services Limited carried at fair value through OCI. This error was also 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	
Non-current assets	
Increase in long term investments	7,322,119
Increase in Fair value reserve	7,322,119
Statement of changes in equity	
Increase in Fair value reserve	7,322,119

Since, the above errors pertains to the year June 30, 2022, therefore these errors had no impact on the opening balance of the earliest period presented. Further, the profit and loss account for the year ended June 30, 2022 is also not being presented, therefore, this error also had no impact on the profit and loss account and earnings per certificate for the corresponding interim period presented.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		2022							
6. PROPERTY AND EQUIPMENT	6.1 Operating fixed assets - tangible	Lease hold land - fuel station	Building - fuel station	Office premises	Vehicles	Furniture and fixtures	Office equipment	Computers	Total
		Rupees							
At July 01, 2022									
	Cost	-	-	3,163,178	42,500	1,958,977	3,269,931	2,355,898	10,790,484
	Accumulated depreciation	-	-	(963,178)	(42,500)	(1,870,240)	(3,174,200)	(2,355,898)	(8,406,016)
	Net book value	-	-	2,200,000	-	88,737	95,731	-	2,384,468
	Additions	-	-	-	-	-	180,000	89,900	269,900
	Depreciation charge for the year	-	-	(55,002)	-	(18,822)	(27,102)	(9,888)	(110,814)
	Disposals / transfers								
	Cost	-	-	-	42,500	1,958,972	3,148,089	2,355,898	7,505,459
	Depreciation	-	-	-	(42,500)	(1,889,062)	(3,148,089)	(2,355,898)	(7,435,549)
		-	-	-	-	69,910	-	-	69,910
	Closing net book value	-	-	2,144,998	-	5	248,629	80,012	2,473,644
At December 31, 2022									
	Cost	-	-	3,163,178	-	5	301,842	89,900	3,554,925
	Accumulated depreciation	-	-	(1,018,180)	-	-	(53,213)	(9,888)	(1,081,281)
	Net book value	-	-	2,144,998	-	5	248,629	80,012	2,473,644
	Life (Years)	-	20	20	5	10	2 to 5	3	
		2022							
		Lease hold land - fuel station	Building - fuel station	Office premises -	Vehicles	Furniture and fixtures	Office equipment	Computers	Total
		Rupees							
At July 01, 2021									
	Cost	63,848,000	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
	Accumulated depreciation	-	(4,436,918)	(963,178)	(34,692)	(1,900,929)	(3,383,699)	(2,388,488)	(13,107,904)
	Net book value	63,848,000	3,962,556	-	7,808	103,898	12,375	-	67,934,637
	Additions	-	-	2,200,000	-	-	121,000	-	2,321,000
	Depreciation charge for the year	-	(139,992)	-	(7,808)	(15,161)	(37,644)	-	(200,605)
	Disposals / transfers								
	Cost	63,848,000	8,399,474	-	-	45,850	247,143	32,590	72,573,057
	Depreciation	-	(4,576,910)	-	-	(45,850)	(247,143)	(32,590)	(4,902,493)
		63,848,000	3,822,564	-	-	-	-	-	67,670,564
	Closing net book value	-	-	2,200,000	-	88,737	95,731	-	2,384,468
At June 30, 2022									
	Cost	-	-	3,163,178	42,500	1,958,977	3,269,931	2,355,898	10,790,484
	Accumulated depreciation	-	-	(963,178)	(42,500)	(1,870,240)	(3,174,200)	(2,355,898)	(8,406,016)
	Net book value	-	-	2,200,000	-	88,737	95,731	-	2,384,468
	Life (Years)	-	20	20	5	10	2 to 5	3	

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
7. LONG TERM INVESTMENTS	Note	-----Rupees-----	
Investments in equity instruments - associated companies measured at cost			
LSE Financial Services Limited - unquoted	7.1	878,919,369	-
MetaTech Health Limited - Quoted	7.2	25,000,000	-
Investments in equity instruments, measured at Fair value through OCI			
LSE Financial Services Limited - unquoted	7.3	-	647,789,244
Investments in debt instruments			
<i>At Amortized cost</i>			
PGP Consortium Limited	7.4	-	281,832,631
Advance against purchase of shares of associated companies:			
LSE Financial Services Limited - unquoted	7.5	1,579,125	106,935,312
MetaTech Health Limited - Quoted	7.5	-	25,000,000
Advance against purchase of sukuks of associated company:			
MetaTech Health Limited - Quoted	7.6	300,000,000	-
		<u>1,205,498,494</u>	<u>1,061,557,187</u>

- 7.1 The Modaraba holds 46,695,467 (June 30, 2022: 33,322,492) fully paid ordinary shares of Rs. 10 each which represents 26% (June 30, 2022: 18.55%) of the total paid-up capital of the investee. Since, the investment in the above named associated company qualifies the criteria of associate as defined in Companies Act, 2017 and the requirements of IFRSs, the investment is reclassified from FVOCI to investment in associate and measured at cost which is the fair value of the investment at the date of such reclassification. (Refer Note - 7.3.1).
- 7.2 During the period, the Modaraba has acquired 489,900 shares of MetaTech Health Limited @ Rs. 51.03 from the ex sponsors of the said associated company under an arrangement for the revival / rehabilitation of the company through the introduction of new line of business (dental aligners) undertaken by it and the development of dental studios for its sales and marketing operations. The Modaraba holds 489,900 (June 30, 2022: Nil) fully paid ordinary shares of Rs. 10 each which represents 29.99% of the total paid-up capital of the investee.
- 7.3 This represents investment made with the intention of establishing or maintaining a long-term operating relationship in LSE Financial Services Limited an unquoted Company by the Modaraba. The net asset value of the investment per share is Rs. 19.44 which has been calculated by reference to net assets of the LSE Financial Services Limited on the basis of audited financial statements for the year ended June 30, 2022 audited by Crowe Hussain Chaudhary & Company, Chartered Accountants.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Un-audited) December 31, 2022	Restated (Audited) June 30, 2022
Note	Rupees	
7.3.1 LSE Financial Services Limited	878,919,370	388,172,285
Fair value reserve	-	259,616,959
Reclassification adjustment	7.1 (878,919,370)	-
	-	647,789,244
7.4 This represented investment in 28,000,000 non-voting, cumulative preference shares of PGP Consortium Limited carrying dividend at the rate of 6 Months Kibor + 5.5% of Rs. 10 each plus unamortized transaction cost of Rs. 1,832,631. This investment had been realized during the year under a swap arrangement entered into with LSE Financial Services Limited for the purchase of shares of Ensmile through MetaTech Health Limited in exchange for investment in PGP Consortium Limited.		
7.5 These advances have been adjusted during the year against the purchase of investment in shares of the respective above named entities. The investments are in the name of the Modaraba at the reporting date.		
7.6 During the year, the management of the Modaraba has decided to invest in the Perpetual, Non-participatory and convertible sukuks which are proposed to be issued by the Meta Tech Health Limited representing 40,878,338 sukuks at par value Rs. 10 each to raise its funds from the Modaraba. Each sukuk is convertible into one ordinary share with same voting rights. Towards this endeavor, the Modaraba has made an advance money at the reporting date.		
8. DIMINISHING MUSHARAKA	(Un-audited) December 31, 2022	(Audited) June 30, 2021
Note	Rupees	
Musharaka finance	398,800	572,498
Less: Current portion of diminishing musharaka	(398,800)	(455,176)
Long term portion of diminishing musharaka	-	117,322
9. TAX REFUNDS FROM GOVERNMENT	24,745,573	18,540,284

These represent amounts either withheld by various withholding agents on account of payments received by the Modaraba or advance tax paid by the Modaraba as required under the Income Tax Ordinance, 2001 at the time of making certain payments. In respect of tax years 2014, 2015 and 2019, the FBR had passed orders of refund for amounts less than that claimed by Modaraba in its refund applications. The Modaraba had filed a rectification application against the said orders and the management is confident that the appeal will be decided in favour of the Modaraba.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees-----	
10. IJARAH FINANCE			
Ijarah contracts commencing up to June 30, 2008			
- accounted for as finance leases			
Minimum lease payments due		40,480,939	40,480,939
Residual value of leased assets		3,755,007	3,755,007
Total receivable		<u>44,235,946</u>	<u>44,235,946</u>
Suspended lease income		(7,491,364)	(7,491,364)
Provision for impairment against potential Ijarah losses	10.1	<u>(32,989,575)</u>	<u>(32,989,575)</u>
		<u>(40,480,939)</u>	<u>(40,480,939)</u>
		<u>3,755,007</u>	<u>3,755,007</u>
10.1. These Ijarah finances are fully provided and the remaining amount represents amount of security deposit to be adjusted at the time of settlement with the defaulted parties. Since the finance is non-performing, no income is accrued on it in accordance with the Modaraba Regulations, 2021.			
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees-----	
Considered good			
Advances			
- to employees against salary		-	50,000
- to broker		91,032	60,976
		<u>91,032</u>	<u>110,976</u>
Receivable from corporate entities	11.1	1,699,837	104,355,468
Dividend income receivable	11.2	-	10,724,261
Defined benefit plan - staff gratuity		1,141,614	1,141,614
Prepayments		247,937	635,235
Others		339,965	841,745
		<u>3,429,353</u>	<u>117,698,323</u>
		<u>3,520,385</u>	<u>117,809,299</u>
11.1 This represents the balance receivable from the following corporate parties:			
Related parties - Associated companies			
Meta Tech Health Limited		-	73,381,961
Data Textile Limited		1,699,837	172,500
Other parties			
Oil Boy Energy Limited		-	30,801,007
		<u>1,699,837</u>	<u>104,355,468</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

11.2 This represented dividend income on PGP preference shares receivable semi annually and had been received during the year. Since, the Modaraba has realized its investment for investment in another shares, therefore, no dividend income is accrued during the current interim period being not applicable in the instant case.

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
12. INVESTMENTS		
At fair value through profit and loss account		
Investment in listed equity securities	18,666,076	13,124,176

12.1 Investment in listed equity securities

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

	December 31, 2022 (Un-audited)				June 30, 2022 (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	18,666,076	1,252,901	267,895	17,413,175	13,124,176	(4,288,999)
Total as at June 30,		17,413,175	18,666,076	1,252,901		17,413,175	13,124,176	(4,288,999)

12.2 Fairvalue of listed equity securities represents market value prevailing on June 30.

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees-----	
13. CASH AND BANK BALANCES		
Balances with banks in:		
- profit and loss sharing accounts	13.1 1,576,955	15,702,098
- current accounts	4,071,188	4,070,991
	5,648,143	19,773,089
Balances with State Bank of Pakistan	4,912	4,912
	5,653,055	19,778,001

13.1 These accounts carry profit at rates ranging from 8% to 10% (June 30, 2022: 1.95% to 8.68%) per annum.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	Rupees	
14. Non-CURRENT ASSETS HELD FOR SALE		
Investment property	-	96,616,000
Liabilities directly associated with assets held for sale		Restated
Proceeds against disposal of investment property	-	74,601,589
<p>This represented investment property that was previously classified as held for sale, has been sold out during the period for a total consideration of Rs. 93.622 million which resulted in a loss of Rs. 2.994 million. The assets classified as held for sale have been realized and all related liabilities including advance proceeds against disposal of investment property have been settled during the current period and the revaluation surplus on investment property has been realized during the period and transferred to retained earnings in the statement of changes in equity.</p>		
	(Un-audited) December 31, 2022	Restated (Audited) June 30, 2022
15. DEFERRED TAX LIABILITIES	Rupees	
Deferred tax liabilities arising due to taxable temporary differences		
Defined benefit plan - staff gratuity	276,637	276,637
Long term investments	-	531,463
Investments	187,935	-
Property and equipment	491,897	-
Deferred tax assets arising due to deductible temporary differences		
Investments	-	(643,350)
Property and equipment	-	(60,156)
Unavailed tax losses	(19,119,657)	-
	(19,119,657)	(703,506)
Net deferred tax liability	(18,163,188)	104,594
Less: Deferred tax assets not recognized	19,119,657	-
Net deferred tax liability recognized in the balance sheet as at December 31,	956,469	104,594
Deferred tax charged in the profit and loss account is as follows:		
Balance as at December 31,	956,469	-
Less: Balance as at June 30,	(104,594)	-
Deferred tax expense charged to profit and loss account	851,875	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

15.1 Deferred tax assets in respect of unavailed losses have not been recognized in these condensed interim financial statements as it is not probable that future taxable profits will be available in the foreseeable future against which the taxable losses will be reversed.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note		-----Rupees-----	
16. MUSHARAKA FINANCE			
Universal Network Systems Limited	16.1	-	60,000,000
Digital Custodian Company Limited - related party Associated company	16.2	<u>50,000,000</u>	-
		<u>50,000,000</u>	<u>60,000,000</u>

16.1 This represented musharaka finance facility obtained from the above named public listed company in the sum of Rs. 60 million (June 30, 2022: Rs. 60 million) for a tenor of 89 days to meet its working capital requirements. It carried profit rate @ 6 months Kibor + 3.5% per annum. This facility had been paid off in full during the year along with profit.

16.2 This represents musharaka finance facility obtained from the above named public unlisted company in the sum of Rs. 50 million (June 30, 2022: Nil) for a tenor of 276 days to meet its working capital requirements. It carries profit rate @ 6 months Kibor + 2% per annum. This facility along with profit will be paid off in full on maturity.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note		-----Rupees-----	
17. SHORT TERM FINANCE - related party			
<i>AssetPlex Modaraba Management Company</i>		<u>50,000,000</u>	-

17.1 This represents short term financial assistance availed from the above named related party to meet the operational requirements of the Modaraba's business. It is unsecured, interest free and payable on demand.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
Rupees			
18. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management fee Payable - related party			
Modaraba Management Company - AssetPlex Limited	18.1	9,529,655	9,529,655
Accrued liabilities		5,895,448	5,090,552
Payable to provincial government		1,863,345	1,247,338
Profit Payable on musharaka certificate	18.2	5,041,096	435,419
Payable to gratuity fund		231,411	231,411
Payable to Modaraba management company		-	432,384
Ijarah rental received in advance		29,381	123,246
Charity and donation		67,818	67,022
Others		4,360,132	5,569,578
		27,018,286	22,726,605

18.1 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 incurred a loss during the current interim period, therefore, no provision for management fee for the current period has been accrued in these condensed interim financial statements.

18.2 This represents profit payable to Digital Custodian Company Limited, an associated company, on the musharaka finance facility obtained from the said party.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
Rupees			
19. SECURITY DEPOSITS			
		4,847,138	3,797,138

These represent amounts received under Ijarah Finance as security deposits, repayable / adjustable on the expiry of the Ijarah period amounting to Rs. 3,797,138 and a deposit of Rs. 1,050,000 received from a related party namely; MetaTech Health Limited, an associated company against the office premises owned by the Modaraba being offered on rent to the said related party.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

20 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL	December 31, 2022 (Un-audited) (Number of certificates)	June 30, 2022 (Audited)
Authorized certificate capital		
Modaraba certificates of Rs.10 each	80,000,000	80,000,000
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	61,000,000	61,000,000
	79,423,945	79,423,945
The certificate capital of the Modaraba is held by the following associates:		
Name of the party	Number of certificates held	
Modaraba Management Company		
AssetPlex Limited	14,746,591	14,746,591
Associated company		
Digital Custodian Company Limited	7,943,905	7,943,905
Substantial shareholder		
Danish Elahi	17,500,000	17,500,000
	40,190,496	40,190,496

21. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at December 31, 2022 (June 30, 2022: Nil).

Commitments

There were no commitments outstanding as at December 31, 2022 (June 30, 2022: Nil).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

22. PROFIT FROM OPERATIONS OF FUEL STATION

Note	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Income				
Sale of fuel	-	154,443,993	-	85,875,841
Cost of sales	-	(150,093,265)	-	(83,511,054)
	-	4,350,728	-	2,364,787
Rental income	-	922,000	-	500,000
	-	5,272,728	-	2,864,787
Expenses				
Salaries and allowances	-	1,486,127	-	752,742
Generator fuel	-	86,175	-	54,645
Depreciation	-	141,144	-	105,570
Electricity	-	171,825	-	79,084
Repairs and maintenance	-	741,816	-	418,149
Printing and stationery	-	19,202	-	14,407
Security guards	-	284,800	-	146,200
Insurance	-	43,668	-	21,834
Telephone	-	12,366	-	6,179
Rent, rates & taxes	-	120,955	-	62,793
Miscellaneous	-	154,375	-	89,757
	-	3,262,453	-	1,751,360
	-	2,010,275	-	1,113,427

22.1 This represented the revenue receipts earned and expenses incurred from the operation of petrol and diesel filling / service station that was sold out during the year ended June 30, 2022.

December 31, 2022	June 30, 2022
(Un-audited)	(Audited)

23. RENTAL INCOME

1,400,000	-
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

This represents rental income received from MetaTech Health Limited against the rental of office premises to the said related party under a lease arrangement.

24. ADMINISTRATIVE AND OPERATING EXPENSES

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Salaries, allowances and other benefits	3,101,811	1,818,444	(1,997,487)	1,054,125
Rent, rates and taxes	730,768	322,760	648,954	289,380
Fuel and conveyance	191,544	86,871	108,840	49,141
Repairs and maintenance	542,670	224,084	(2,280,087)	82,320
Legal and professional	3,770,064	8,804,308	(4,535,092)	1,803,463
Travelling and conveyance	599,359	-	332,100	-
Electricity	-	119,324	-	57,812
Telephone	12,000	94,478	6,000	49,006
Entertainment	1,107,241	84,790	1,082,800	68,201
Insurance	44,621	47,718	20,762	23,859
Printing and stationery	516,785	282,577	366,816	151,219
Auditors' remuneration	200,000	518,505	(506,245)	302,451
Subscription	242,797	236,479	121,398	1,544,934
Registrar services	163,400	162,125	67,800	65,850
Postage	68,944	71,308	35,089	37,740
Advertisement	256,200	294,619	(344,700)	172,219
Others	2,572,722	724,026	(2,410,256)	358,075
Depreciation	110,814	394,754	59,379	15,788
Finance cost on right of use asset	-	8,408	-	-
	<u>14,231,740</u>	<u>14,295,578</u>	<u>(9,223,929)</u>	<u>6,125,583</u>

24.1 These include contribution to Employees Provident Fund amounting to Rs. 162,819 (December 31, 2021: Rs. 116,891).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
25. TAXATION		
Current tax		
minimum tax	25.1 13,959	-
normal tax	-	4,833,290
Deferred tax		
for the year	15 851,875	-
	865,834	4,833,290

25.1 The Modaraba had incurred an accounting loss before taxation amounting to Rs. 39.669 million as well as taxable loss for the period in the sum of Rs. 65.930 million, therefore no provision for taxation in respect of normal tax and alternate corporate tax is applicable in the instantly case. However, provision for minimum tax is being charged in these condensed interim financial statements.

The income tax returns of the Modaraba have been filed upto the financial year ended June 30, 2022 which are deemed assessed under the Income Tax Ordinance, 2001, unless selected for audit by taxation authorities.

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
26. (LOSS) / EARNINGS PER CERTIFICATE		
(Loss) / earnings for the period	(40,535,032)	56,637
Weighted average number of certificates outstanding during the period	79,423,945	79,423,945
(Loss) / earnings per Modaraba certificate - basic	(0.51)	0.00

Diluted earnings per certificate has not been presented as the Modaraba did not have any convertible instruments in issue as at December 31, 2021 and 2022 which would have any effect on the (loss) / earnings per certificate if the option to convert is exercised.

27. RELATED PARTY TRANSACTIONS

The related parties comprise of AssetPlex Limited being the 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

27.1 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:

Name of the party and nature of transactions	Relationship	(Un-audited) Half year ended	
		December 31, 2022	December 31, 2021
		(Rupees)	
AssetPlex Modaraba Management			
Short term finance acquired	Modaraba Management Company	50,000,000	-
Service sales tax on management fee		-	648
MetaTech Health Limited			
Rental income	Associated company	1,400,000	-
Digital Custodian Company Limited			
Musharaka finance obtained from the party		50,000,000	-
Musharaka finance cost	Associated company	5,041,096	-
Retirement benefits			
Contributions to staff provident fund		162,819	116,891
Contribution to staff gratuity fund		5,292	5,292

28. 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

IFRS 13, Fair Value Measurement¹ 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

December 31, 2022 (Un-audited)	Carrying amount					Fair value				
	FVOCI	FVTPL	Financial assets at amortised cost	Other financial liabilities - at amortised cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
-----Rupees-----										
Financial assets - measured at fair value										
Investments in listed securities	-	18,666,076	-	-	-	18,666,076	18,666,076	-	-	18,666,076
Long term investments in unlisted securities	-	-	301,579,125	-	-	301,579,125	-	-	-	-
Non-Financial assets - measured at fair value										
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Investments in debt securities	-	-	-	-	-	-	-	-	-	-
Advances, deposits and other receivables	-	-	2,130,834	-	-	2,130,834	-	-	-	-
Diminishing musharaka	-	-	398,800	-	-	398,800	-	-	-	-
Bank balances	-	-	5,653,055	-	-	5,653,055	-	-	-	-
Jjarah finance	-	-	3,755,007	-	-	3,755,007	-	-	-	-
	-	18,666,076	313,516,821	-	-	332,182,897	18,666,076	-	-	18,666,076
Financial liabilities not measured at fair value										
Creditors, accrued and other liabilities	-	-	-	24,894,149	-	24,894,149	-	-	-	-
Musharaka finance	-	-	-	50,000,000	-	50,000,000	-	-	-	-
Short term finance	-	-	-	50,000,000	-	50,000,000	-	-	-	-
Security deposits	-	-	-	4,847,138	-	4,847,138	-	-	-	-
Unclaimed profit distribution	-	-	-	9,875,818	-	9,875,818	-	-	-	-
Non-Financial liabilities not measured at fair value										
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-	-	-
	-	-	-	139,617,105	-	139,617,105	-	-	-	-
-----Rupees-----										
December 31, 2021 (Audited)	FVOCI	FVTPL	Financial assets at amortised cost	Other financial liabilities - at amortised cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
-----Rupees-----										
Financial assets - measured at fair value										
Investments in listed securities	-	13,124,176	-	-	-	13,124,176	13,124,176	-	-	13,124,176
Long term investments in unlisted securities	647,789,244	-	131,935,312	-	-	779,724,556	647,789,244	-	-	647,789,244
Non-Financial assets - measured at fair value										
Non-current asset held for sale	-	96,616,000	-	-	-	96,616,000	-	-	96,616,000	96,616,000
Financial assets not measured at fair value										
Investments in debt securities	-	-	281,832,631	-	-	281,832,631	-	-	-	-
Advances, deposits and other receivables	-	-	116,032,450	-	-	116,032,450	-	-	-	-
Diminishing musharaka	-	-	572,498	-	-	572,498	-	-	-	-
Bank balances	-	-	19,778,001	-	-	19,778,001	-	-	-	-
Jjarah finance	-	-	3,755,007	-	-	3,755,007	-	-	-	-
	647,789,244	109,740,176	553,905,899	-	-	1,311,435,319	660,913,420	-	96,616,000	757,529,420

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

29. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on February 28, 2023 have decided for the acquisition of health care business from MetaTech Health Limited, an associated company including the equity investment of Rs. 300 million made in Ensmile (Private) Limited by the said associated company representing 1/3rd of the equity stake. This transfer of business by the MetaTech Health Limited to the Modaraba includes the acquisition of dental studios being established across the country along with all the underling assets and related liabilities against the consideration of Rs. 9 million (approx.) based on the half yearly financial statements of the associated company for the period ended December 31, 2022. All the assets and liabilities will be transferred at the carrying values as on the effective date of transfer i.e. March 24, 2023.

The Management of the Modaraba also intends to increase its authorized capital to Rs. 920 million subject to the approval from Registrar Modaraba after complying with all the legal formalities in this regard.

In addition to this, the merger of Modaraba along with its management company namely; AssetPlex Modaraba Management is also being approved with and into Digital Custodian Company Limited, an associated company.

30. GENERAL

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

30.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Major reclassification made in the corresponding figures during the period in addition to the restatement of corresponding figures due to the effects as disclosed in note 5 are as follows:

	June 30, 2022 Rupees	Reclassification	
		From	To
Advance against investments	131,935,312	Advances and other receivables	Long term investments

31. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Modaraba Management Company on February 27, 2023 .

AssetPlex Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

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