



Modaraba Al-Mali Annual Report

2023

CONTENT

1. Vision and Mission Statement
2. Corporate Information
3. Director's Report
4. **Sharia Advisor's Report**
5. Statement of Compliance
6. Independent Auditors Review Report
7. Auditors Report to the certificate holders
8. Financial Highlights
9. Pattern of Shareholding
10. Financial Statements

Vision Statement

Our vision is to become vibrant organization of choice for our customers and investors, contribute in the development of national economy, and maximize profitability for sharing halal profits to our certificate holders and partners. The Management Company is committed to continuous, sustainable and impressive growth in the sphere of its activities.

The cornerstone of investment management philosophy is to grow through consortium effort entering into investment and technical collaboration with interested organizations, sharing common objectives, who would like to invest and grow in Pakistan through their skills and equity. This approach is not a sideline at our organization. It is at the heart of our design for growth and in pursuit of excellence.

Mission Statement

The mission statement of the Management Company and Modaraba Al-Mali stems from its commitment to follow the Divine Commandment:

"But Allah hath permitted trade and forbidden usury"

Accordingly, the mandate it has set for itself is to seek investment, raise funds, trade and re-invest in accordance with Islamic principles and continuously endeavor to conduct business in conformity with Sharia to the maximum extent possible in the prevailing secular economic environment, which is not yet fully geared and ready to adopt Islamic financial set-up as a way of life.

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
	Mr. Hussain Ahmed Ozgen	Director
Audit Committee	Mr. Muhammad Usman	Chairman
	Mr. Hafiz Mudassir Alam	Member
	Mr. Aoun Muhammad	Member
	Mr. Mansoor Ahmed Soomro	Secretary
HR & Remuneration Committee	Mr. Hussain Ahmed Ozgen	Chairman
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Muhammad Usman	Member
	Mr. Rashid Matin Khan	Secretary
Risk Committee	Mr. Usman Hassan	Chairman
	Mr. Hussain Ahmed Ozgen	Member
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Rashid Matin Khan	Secretary
Nomination Committee	Mr. Usman Hassan	Chairman
	Mr. Mudassir Alam	Member
	Mr. Siddique Ur Rehman Khurram	Member
	Mr. Rashid Matin Khan	Secretary
Management Team	Mr. Siddique Ur Rehman Khurram	Chief Executive Officer
	Mr. Adeel Rehman	CFO/Company Secretary
	Mr. Rashid Matin Khan	Chief Operating Officer
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
Registration 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](http://www.modarabaalmali.com)

REVIEW REPORT BY THE CHAIRMAN

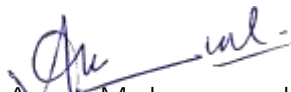
Dear Certificate Holders,

Financial year 2022-2023 remained a difficult year for the Country. Continuous devaluation of Pak Rupee, high KIBOR rates, inflationary pressures, political uncertainty were remained major areas of concern. Moreover, recent taxation measures are adding problem to Modaraba segment.

Management is determined to cope with challenges and is working on the strategy to create the value for the certificate-holders. Modaraba certificates are non-voting and trading volumes of Modaraba sector remains sluggish due to lack of interest from the investors/public.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The Board also ensures compliance of all regulatory requirements. The Board is ably assisted by its committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Modaraba. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

We would like to thank our customers for their trust and also like to thank all our colleagues, management and staffs that are strongly committed to their work as the success of your Modaraba is built around their efforts. We also thank our certificate-holders for their confidence in the Modaraba and assure them that we are committed to do our best to ensure best rewards for their investment in the Modaraba.

A handwritten signature in blue ink, appearing to read "Aoun Muhammad".

Aoun Muhammad
Chairman
October 27, 2023

چیئرمین کی جانب سے رپورٹ کا جائزہ

محترم سرٹیفکیٹ ہولڈرز،

مالی سال 2022-2023 ملک کے لئے ایک مشکل سال رہا۔ پاک روپے کی مسلسل قدر میں کمی، KIBOR کی بلند شرحیں، افراط زر کا دباؤ، سیاسی غیر یقینی صورتحال تشویش کے بڑے شعبے رہے۔ مزید برآں، حالیہ ٹیکس کے اقدامات موڈاربا طبقہ میں پریشانی کا اضافہ کر رہے ہیں۔

انتظامیہ چیلنجوں سے نمٹنے کے لئے پرعزم ہے اور سرٹیفکیٹ رکھنے والوں کے لئے قدر پیدا کرنے کی حکمت عملی پر کام کر رہی ہے۔ موڈاربا سرٹیفکیٹ غیر ووٹنگ ہیں اور سرمایہ کاروں/عوام کی عدم دلچسپی کی وجہ سے موڈاربا سیکورٹی تجارتی حجم سے کم ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل کاروبار، فنانس، بینکنگ اور ضوابط کے شعبوں میں مختلف پس منظر اور بھرپور تجربے کے امتزاج کی عکاسی کرتی ہے۔ بورڈ نے خود تفتیش کی بنیاد پر اس کی تاثیر اور کارکردگی کا سالانہ جائزہ لیا۔ بورڈ تمام ریگولیٹری تقاضوں کی تعمیل کو بھی یقینی بناتا ہے۔ بورڈ کو اس کی کمیٹیوں کی جانب سے بھرپور مدد فراہم کی جاتی ہے۔ آڈٹ کمیٹی مالی بیانات کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس موڈاربا کی مالی حیثیت کی منصفانہ نمائندگی کرتے ہیں۔ یہ اندرونی کنٹرولز کی تاثیر کو بھی یقینی بناتا ہے۔ ایچ آر کمیٹی ایچ آر پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضے کی سفارش کرتی ہے۔

ہم اپنے صارفین کے اعتماد کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں اور اپنے تمام ساتھیوں، انتظامیہ اور عملے کا بھی شکریہ ادا کرنا چاہتے ہیں جو ان کے کام کے لئے پرعزم ہیں کیونکہ آپ کے موڈر با کی کامیابی ان کی کوششوں کے ارد گرد بنائی گئی ہے۔ ہم اپنے سرٹیفکیٹ ہولڈرز کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے موڈر با پر اعتماد کیا اور انہیں یقین دلایا کہ ہم موڈر با میں ان کی سرمایہ کاری کے بہترین انعامات کو یقینی بنانے کے لیے اپنی پوری کوشش کرنے کے لیے پرعزم ہیں۔

عون محمد

چیئرمین

2023 اکتوبر، 27

DIRECTORS' REPORT

On behalf of the Board of Directors of LSE Capital Limited, we are pleased to present 38th Annual Report of Modaraba Al-Mali together with audited accounts for the year ended June 30, 2023.

Economic Review

During the fiscal year 2022-23, Pakistan's economy confronted various challenges, including huge trade deficit, high inflation, exorbitant discount rate, steep devaluation of Pakistani Rupee, exponential rise in public & foreign debt, depleting foreign reserves, devastating floods in various parts of the country and political uncertainty. The Government was able to get support from IMF and friendly countries, which has sustained macro-economic stability to some extent.

Rising cost of production, high power and fuel prices, rising financial cost, shortage of raw material due to strict restrictions on imports, increase in various taxes and duties have restricted the business activities and growth in all the sectors of the economy.

The KSE-100 index of Pakistan Stock Exchange (PSX) opened at 41,540.8 points on 1st July 2022 and closed at 41,452.6 points on 27th June 2023, declined by 0.21%. Market capitalization of the companies listed at PSX recorded at Rs. 6,956 billion on 30th June 2022 and closed at Rs 6,369 billion on 27th June 2023, reflecting a decline of 8.43%. The current situation calls for some drastic actions and measures from the Government to restore the confidence of the investors.

Operating and Financial Results

The Board and the management of your Company, is well aware of the posed challenges and are taking all possible measures, to re-design the required solutions. Moreover, your Modaraba is continually reviewing its business strategy to seize the new opportunities and cope with the prevailing challenges/threats. It has prioritized to avoid concentration-risk, endeavoring to tap alternative revenue streams and is trying hard to add to certificate-holders' value. Currently, the Modaraba has decided to reposition with its investments and other business activities and benefits from the established revenue streams.

Restated

Financial Performance

	2023	2022
	Rupees	Rupees
Revenue	97,723,074	116,291,104
Expenses	(101,391,614)	(50,228,363)
Net Profit	(3,668,540)	66,062,741
Transferred to Statutory Reserves	-	(7,678,312)

Other Comprehensive Income	18,581,776	184,019,888
----------------------------	------------	-------------

	Rs./		
EPS	Certificate	(0.05)	1.23

Under the provision of Modaraba Ordinance, 1980, the management Modaraba is entitled to a fee up to 20% of the profit of Modaraba. Moreover, the Board of Directors has decided to charge the management fee of Rs. 2.77million this year.

PSX Trading Symbol : MODAM
 Market Price : Rs. 3.50 per Certificate as on October 26, 2023
 Trading Status : Actively Traded

Transferred to Statutory Reserves

As per the Prudential Regulations issued by Securities and Exchange Commission of Pakistan (SECP), Modaraba is required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserve. Due to loss no appropriation has been made towards the statutory reserve.

Dividend

Due to future financial plans of the Company, Board of Directors of the Company has decided not to declare final dividend for this financial year.

Future Outlook

The Modaraba's focus has been changed to undertaking trading, Islamic venture capital, private equity and corporate & financial restructuring / rehabilitation transactions of potentially viable companies through resource mobilization and entrepreneurial involvement.

External Auditors

The present Auditors, M/s Kreston Hyder Bhimji & Co. Chartered Accountants due to retire and they are offered themselves for the reappointment. The Audit Committee of your Modaraba has recommended the re-appointment, for next term subject to the approval from the Registrar Modaraba, the Securities and Exchange Commission of Pakistan.

Code of Corporate Governance

The requirements of the Code of Corporate Governance, as introduced by the Securities and Exchange Commission of Pakistan (and set out by the Pakistan Stock Exchange Limited in its Listing Rules), have been duly complied with. A statement to this effect is annexed with the report.

Compliance with Code of Corporate Governance

In compliance with the Code, the Board of Directors of your Modaraba states that:

- The financial statements, prepared by the management of your Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your Modaraba.
- Appropriate accounting policies are consistently applied by your Modaraba in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Modaraba is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Modaraba, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

Meetings of the Board of Directors

During the year, the Board of Directors of your Modaraba has met five times and the attendance at each of these meetings is as follows:

Name of Director	October 4, 2022	October 31, 2022	February 27, 2023	March 29, 2023	April 27, 2023	Attendance
Mr. Usman Hassan	P	A	A	A	A	1/5
Mr. Siddique-ur Rehman Khurram	P	P	P	P	P	5/5
Mr. Muhammad Usman	P	P	P	P	P	5/5
Mr. Hafiz Mudassir Alam	P	P	P	P	P	5/5
Mr. Aoun Muhammad	NA	NA	NA	NA	P	1/5
Mr. Hussain Ahmed Ozgen	A	A	P	A	A	1/5
M/s. Asiya Riaz	A	A	A	A	A	0/5
Mr. Rashid Matin Khan	P	P	P	P	NA	4/5
Present (P)	5	4	5	4	4	
Absent (A) - Leave of Absence	2	3	2	3	3	

Audit Committee

The Board of Directors of the Modaraba has established an Audit Committee comprising of five members, in compliance with the Code of Corporate Governance Regulations.

Audit Committee	October 4, 2022	October 31, 2022	February 27, 2023	April 27, 2023	Attendance

Mr. Muhammad Usman	P	P	P	P	4/4
Mr. Hafiz Mudassir Alam	P	P	P	P	4/4
Rashid Matin Khan	P	P	P	NA	3/4
Aoun Muhammad	NA	NA	NA	P	1/4

Pattern of Shareholding

The pattern of shareholding of your Modaraba as on June 30, 2023 is annexed with this report. This statement is in accordance with the amendments made through the Code.

Free Float of Shares

Total Outstanding Shares	79,423,945
Less:	
Government Holdings	-
Shares held by Directors / Sponsors / Senior Management Officers and their Associates	(2,155)
Shares in Physical Form	(1,642,411)
Shares held by Associate Companies / Group Companies (Cross Holdings)	(21,824,048)
Shares issued under Employees Stock Option Scheme that cannot be sold in the Open market in normal course	-
Treasury Shares	-
Any other category that are barred from Selling at the review date	-
	<hr/>
	55,955,331

Financial Reporting

The Committee reviewed, discussed and recommended for Board approval, the draft Interim and Annual Results of the Modaraba. The Committee discussed with the CFO, HIA and External Auditors of the Modaraba on significant accounting policies, estimates and judgments applied in preparing the financial information.

Risk Management Policy

The Board plays a key role in risk management principally through the Risk Management Committee. Programs have been established to consider and manage operational, strategic, technological, scientific, reputation, environmental health and **safety and other risks to the Modaraba's businesses.**

These are reviewed with the committees on a regular basis.

All operational units incorporate Risk Management into their planning process:

- To minimize risk within the Modaraba

- To ensure Risk Management is incorporated into the corporate governance systems and management structure of the Modaraba
- To ensure that significant Risks within the Modaraba are identified and appropriate strategies are in place to manage them
- To develop effective and efficient Risk Management procedures

Strategic Planning

It is Modaraba's mainstay policy to position itself strategically in order to achieve its vision of being recognized as a world-class service providers/ manufacturer of top-quality products and to deliver value to its consumer and stakeholders; and

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.
2. To identify and consider opportunities for the Modaraba to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.
4. To ensure that the Modaraba has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

Human Resources

The Modaraba is committed to equal opportunity employment. It accepts the obligation as a member of the community-at large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment.

Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits. Moreover, the Modaraba shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

Terms of Reference of the Human Resource & Remuneration Committee:

The Committee shall be responsible for making recommendations to the Board for maintaining:

1. A sound plan of organization for the Modaraba.
2. **An effective employees' development programme.**
3. Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.
4. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
5. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.

6. Review the employees' development system to ensure that it:
 - a. Foresees the Modarabas senior management requirements.
 - b. Provides for early identification and development of key personnel.
 - c. Brings forward specific succession plans for senior management positions.
 - d. Training and development plans.
7. Compensation and Benefits:
 - a. recommending human resource management policies to the board;
 - b. recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
 - c. recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Modaraba Secretary and Head of Internal Audit; and senior management reporting to CEO.

Acknowledgements

We wish to place on record gratitude to our valued customers for their confidence in our services and we pledge ourselves to provide them the best quality by continuously improving our services. We would also like to thank all our colleagues, management and other staff who are strongly committed to their work as the success of your Modaraba is built around their efforts. We also thank our certificate-holders for their confidence in the Modaraba and assure them that we are committed to do our best to ensure best rewards for their investment in the Modaraba.



Mr. Siddique Ur Rehman Khurram
Chief Executive Officer

Dated October 27, 2023
Lahore

ڈائریکٹرز کی رپورٹ

ایل ایس ای کیپٹل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 30 جون، 2023 کو ختم ہونے والے سال کے آڈٹ شدہ اکاؤنٹس کے ساتھ موڈر ابا مالی کی 38^{ویں} سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

اقتصادی جائزہ

مالی سال 2022-23 کے دوران، پاکستان کی معیشت کو مختلف چیلنجوں کا سامنا کرنا پڑا، جن میں بہت بڑا تجارتی خسارہ، اعلیٰ افراط زر، بہت زیادہ رعایت کی شرح، پاکستانی روپے کی زبردست قدر میں کمی، عوامی اور غیر ملکی قرضوں میں تیزی سے اضافہ، غیر ملکی ذخائر میں کمی، ملک کے مختلف حصوں میں تباہ کن سیلاب اور سیاسی غیر یقینی صورتحال شامل ہیں۔ حکومت آئی ایم ایف اور دوست ممالک سے مدد حاصل کرنے میں کامیاب رہی، جس نے کسی حد تک میکرو اکنامک استحکام کو برقرار رکھا ہے۔

پیداوار کی بڑھتی ہوئی لاگت، زیادہ بجلی اور ایندھن کی قیمتیں، بڑھتی ہوئی مالی لاگت، درآمدات پر سخت پابندیوں کی وجہ سے خام مال کی قلت، مختلف ٹیکسوں اور فرانسز میں اضافے نے معیشت کے تمام شعبوں میں کاروباری سرگرمیوں اور ترقی کو محدود کر دیا ہے۔

پاکستان اسٹاک ایکسچینج (PSX) کا KSE-100 انڈیکس یکم جولائی 2022 کو 41,540.8 پوائنٹس پر کھلا اور 27 جون 2023 کو 41,452.6 پوائنٹس پر بند ہوا، جس میں 0.21 فیصد کمی کی واقع ہوئی۔ پی ایس ایکس میں درج کمپنیوں کا مارکیٹ کیپٹلائزیشن 30 جون 2022 کو 6,956 بلین اور 27 جون 2023 کو 6,369 بلین روپے پر بند ہوا، جو 8.43% کی کمی کی عکاسی کرتا ہے۔ موجودہ صورتحال سرمایہ کاروں کے اعتماد کو بحال کرنے کے لئے حکومت سے کچھ سخت اقدامات اور اقدامات کا مطالبہ کرتی ہے۔

آپریٹنگ اور مالی نتائج

بورڈ اور آپ کی کمپنی کا انتظام، درپیش چیلنجوں سے بخوبی واقف ہے اور مطلوبہ حلوں کو دوبارہ ڈیزائن کرنے کے لئے تمام ممکنہ اقدامات کر رہا ہے۔ مزید برآں، آپ کا موڈر ابا نئے مواقع سے فائدہ اٹھانے اور موجودہ چیلنجز / خطرات سے نمٹنے کے لیے اپنی کاروباری حکمت عملی کا مسلسل جائزہ لے رہا ہے۔ اس نے حراستی کے خطرے سے بچنے، متبادل محصولات کے سلسلے کو ٹیپ کرنے کی کوشش کرنے اور سرٹیفکیٹ ہولڈرز کی قدر میں اضافہ کرنے کی پوری کوشش کرنے کو ترجیح دی ہے۔ فی الحال، Modaraba نے اپنی سرمایہ کاری اور دیگر کاروباری سرگرمیوں اور قائم آمدنی کے سلسلے سے فائدہ کے ساتھ پوزیشن تبدیل کرنے کا فیصلہ کیا ہے۔

2022	2023	مالی کارکردگی
روپے	روپے	
116,291,104	97,723,074	آمدنی
(50,228,363)	(101,391,614)	Gastos
66,062,741	(3,668,540)	خالص منافع
(7,678,312)	-	قانونی ریزرو میں منتقل کیا گیا
184,019,888	18,581,776	دیگر جامع آمدنی
(23:1)	(0.05)	EPS / سرٹیفکیٹ

موڈر ابا آرڈیننس، 1980 کی شق کے تحت، منجنت موڈر ابا موڈر ابا کے منافع کے 20 فیصد تک فیس کا حقدار ہے۔ مزید برآں، بورڈ آف ڈائریکٹرز نے اس سال 2.77 بلین۔

PSX ٹریڈنگ کی علامت: MODAM
مارکیٹ پرائس: روپے 26 اکتوبر 2023 تک 3.50 فی سرٹیفکیٹ
ٹریڈنگ کی حیثیت: فعال طور پر ٹریڈ کی جاتی ہے

قانونی ریزروز میں منتقل کیا گیا

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے جاری کردہ وضاحتی ضوابط کے مطابق، موڈارابا کو ٹیکس کے بعد کم از کم 20 فیصد اور زیادہ سے زیادہ 50 فیصد منافع قانونی ریزرو میں منتقل کرنے کی ضرورت ہے۔ نقصان کی وجہ سے قانونی ریزرو کے لئے کوئی تخصیص نہیں کی گئی ہے۔

ڈیویڈنڈ

کمپنی کے مستقبل کے مالی منصوبوں کی وجہ سے، کمپنی کے بورڈ آف ڈائریکٹرز نے اس مالی سال کے لئے حتمی منافع کا اعلان نہ کرنے کا فیصلہ کیا ہے۔

مستقبل کا نقطہ نظر

موڈرہا کی توجہ وسائل کو متحرک کرنے اور کاروباری شمولیت کے ذریعے ممکنہ طور پر قابل عمل کمپنیوں کی تجارت، اسلامی وینچر کیپیٹل، نجی ایکویٹی اور کارپوریٹ اور مالی تنظیم نو/بحالی کے لین دین پر مرکوز کر دی گئی ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز، میسرز کرسٹن حیدر بھیمبھی اینڈ کمپنی ریٹائرمنٹ کی وجہ سے چارٹرڈ اکاؤنٹنٹس اور انہیں دوبارہ تقرری کے لئے خود کو پیش کیا جاتا ہے۔ آپ کے موڈرہا کی آڈٹ کمیٹی نے اگلی مدت کے لئے دوبارہ تقرری کی سفارش کی ہے، جو رجسٹرار موڈرہا، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط ہے۔

کارپوریٹ گورننس کا ضابطہ

کوڈ آف کارپوریٹ گورننس کے تقاضے، جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے متعارف کرایا ہے (اور پاکستان اسٹاک ایکسچینج لمیٹڈ نے اپنے اسٹیک ہولڈرز میں طے کیا ہے)، کی مناسب تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

ضابطہ اخلاق کی تعمیل میں، آپ کے موڈرہا کے بورڈ آف ڈائریکٹرز کا کہنا ہے کہ:

- آپ کے موڈرہا کے انتظام کے ذریعہ تیار کردہ مالی بیانات، اس کی صورت حال، اس کے آپریشنز، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کے نتیجے میں منصفانہ طور پر پیش کرتے ہیں۔
- آپ کے Modaraba کے ذریعہ اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالی بیانات کی تیاری میں آپ کے موڈرہا کے ذریعہ مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی جاتی ہیں، اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- ان مالیاتی بیانات کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہے، پر عمل کیا گیا ہے اور وہاں سے کسی بھی روانگی، اگر کوئی ہے تو، مناسب طریقے سے انکشاف کیا گیا ہے۔

- اندرونی کنٹرول کا نظام، جو آپ کے موڈارا بائیں نافذ کیا جا رہا ہے، درست ہے اور پورے سال مؤثر طریقے سے برقرار رہا ہے۔
- آپ کے موڈورا بائیں مالی حیثیت کو مد نظر رکھتے ہوئے، ہمیں اس کے جاری رہنے پر کوئی خاص شبہ نہیں ہے۔
- زیر جائزہ سال کے دوران، فہرست سازی کے ضوابط میں تفصیل کے مطابق، کارپوریٹ گورننس کے بہترین طریقوں سے بھی کوئی مادی روانگی نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، آپ کے موڈورا بائیں کے بورڈ آف ڈائریکٹرز نے پانچ بار ملاقات کی ہے اور ان میں سے ہر ایک میٹنگ میں شرکت مندرجہ ذیل ہے:

ڈائریکٹر کا نام	4 اکتوبر، 2022	31 اکتوبر، 2022	27 فروری، 2023	29 مارچ، 2023	27 اپریل، 2023	حاضری
جناب عثمان حسن	P	A	A	A	A	5/1
جناب صدیق الرحمن خرم	P	P	P	P	P	5/5
جناب محمد عثمان	P	P	P	P	P	5/5
جناب حافظ مدثر عالم	P	P	P	P	P	5/5
جناب عون محمد	نا قابل اطلاق	نا قابل اطلاق	نا قابل اطلاق	نا قابل اطلاق	P	5/1
جناب حسین احمد اوزگن	A	A	P	A	A	5/1
میسرز آسیہ ریاض	A	A	A	A	A	5/0
جناب راشد متین خان	P	P	P	P	نا قابل اطلاق	5-4
موجودہ (P)	5	4	5	4	4	
غیر حاضر (A) - غیر حاضری کی اجازت	2	3	2	3	3	

آڈٹ کمیٹی

موڈورا بائیں کے بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس ریگولیشنز کی تعمیل میں پانچ ممبروں پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے۔

آڈٹ کمیٹی	4 اکتوبر، 2022	31 اکتوبر، 2022	27 فروری، 2023	27 اپریل، 2023	حاضری
جناب محمد عثمان	P	P	P	P	4:4
جناب حافظ مدثر عالم	P	P	P	P	4:4
راشد متین خان	P	P	P	نا قابل اطلاق	4/3
عون محمد	نا قابل اطلاق	نا قابل اطلاق	نا قابل اطلاق	P	4/1

شیئر ہولڈنگ کا نمونہ

30 جون، 2023 تک آپ کے موڈورا بائیں کے شیئر ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ منسلک ہے۔ یہ بیان کوڈ کے ذریعے کی گئی ترامیم کے مطابق ہے۔

حصص کی مفت فروخت

79,423,945

بقایا حصص کی کل تعداد

کم

-

حکو متی ہولڈنگز

(2,155)

ڈائریکٹرز/اسپانرز/سینئر مینجمنٹ آفیسرز اور ان کے ایسوسی ایٹس کے پاس موجود شیئرز

(1,642,411)

جسمانی شکل میں حصص

(21,824,048)

ایسوسی ایٹ کمپنیوں / گروپ کمپنیوں کے حصص (کراس ہولڈنگز)

-

ملازمین اسٹاک آپشن اسکیم کے تحت جاری کردہ حصص جنہیں عام طور پر اوپن مارکیٹ میں فروخت نہیں کیا جاسکتا

-

ٹریڈری شیئرز

-

کوئی دوسرا زمرہ جسے جائزے کی تاریخ پر فروخت کرنے سے روک دیا گیا ہو

55,955,331

مالی رپورٹنگ

کمٹی نے بورڈ کی منظوری، موڈرہا کے عبوری اور سالانہ نتائج کے مسودے کا جائزہ لیا، اس پر تبادلہ خیال کیا اور سفارش کی۔ کمیٹی نے مالیاتی معلومات کی تیاری میں لاگو اہم اکاؤنٹنگ پالیسیوں، تخمینوں اور فیصلوں پر موڈرہا کے سی ایف او، ایچ آئی اے اور بیرونی آڈیٹرز کے ساتھ تبادلہ خیال کیا۔

رسک مینجمنٹ پالیسی

بورڈ بنیادی طور پر رسک مینجمنٹ کمیٹی کے ذریعے رسک مینجمنٹ میں کلیدی کردار ادا کرتا ہے۔ Modaraba کے کاروباروں کے لئے آپریشنل، اسٹریٹجک، عملیاتی، سائنسی، سماجی، ماحولیاتی صحت اور حفاظت اور دیگر خطرات پر غور کرنے اور ان کا انتظام کرنے کے لئے پروگرام قائم کیے گئے ہیں۔

کمٹیوں کے ساتھ باقاعدگی سے ان کا جائزہ لیا جاتا ہے۔

تمام آپریشنل بونٹس اپنے پلاننگ کے عمل میں رسک مینجمنٹ کو شامل کرتے ہیں:

- موڈرہا کے اندر خطرے کو کم سے کم کرنا
- اس بات کو یقینی بنانے کے لئے کہ رسک مینجمنٹ کو کارپوریٹ گورننس سسٹم اور موڈرہا کے انتظامی ڈھانچے میں شامل کیا گیا ہے
- اس بات کو یقینی بنانے کے لئے کہ موڈرہا کے اندر اہم خطرات کی نشاندہی کی گئی ہے اور ان کے انتظام کے لئے مناسب حکمت عملی موجود ہے
- رسک مینجمنٹ کے موثر اور موثر طریقہ کار تیار کرنا

اسٹریٹجک منصوبہ بندی

اعلیٰ معیار کی مصنوعات کے عالمی معیار کے سروس فراہم کنندگان/کارخانہ دار کے طور پر تسلیم کیے جانے کے اپنے وژن کو حاصل کرنے اور اپنے صارفین اور اسٹیک ہولڈرز کو قیمت فراہم کرنے کے لئے خود کو اسٹریٹجک طور پر پوزیشن میں رکھنا موڈارابا کی مرکزی پالیسی ہے۔ اور

5. اس بات کو یقینی بنانا کہ اسٹریٹجک پوزیشننگ کے بارے میں فیصلے بیرونی/اندرونی ماحول کی جامع اور مشترکہ تفہیم کے تناظر میں کیے جائیں۔
6. موڈارابا کے لیے اپنی پوزیشن کو مستحکم اور مضبوط کرنے کے مواقع کی نشاندہی کرنا اور ان پر غور کرنا۔
7. پائیدار مسابقتی فائدہ کو فروغ دینے کے لئے پیداواری اور باہمی فائدہ مند شرائط قائم کرنا۔
8. اس بات کو یقینی بنانے کے لئے کہ موڈارابا میں منصوبہ بندی اور بجٹ کے عمل کو مضبوط اور مؤثر طریقے سے ہم آہنگ کیا گیا ہے، جس میں جائزہ اور مسلسل بہتری کے طریقہ کار شامل ہیں۔

انسانی وسائل

Modaraba مساوی مواقع کی ملازمت کے لئے پر عزم ہے۔ یہ کمیونٹی کے ایک رکن کی حیثیت سے۔ بڑے پیمانے پر اور ایک آجر کی حیثیت سے ملازمت کے تمام شعبوں میں غیر امتیازی سلوک کے فعال اور مثبت پروگرام کو استعمال کرنے کی ذمہ داری کو قبول کرتا ہے۔

ملازمت کے فیصلے قابلیت اور خوبیوں کی بنیاد پر مساوی مواقع اور رسائی فراہم کر کے کیے جاتے ہیں۔ مزید برآں، Modaraba اس بات کو یقینی بنائے گا کہ سب سے موزوں امیدواروں کی خدمات حاصل کرنے میں منصفانہ، مستقل، موثر اور موثر بھرتی اور انتخاب کے طریقے موجود ہوں۔

انسانی وسائل اور معاوضے کی کمیٹی کی حوالہ کی شرائط:

- کمیٹی مندرجہ ذیل کو برقرار رکھنے کے لئے بورڈ کو سفارشات دینے کی ذمہ دار ہوگی:
8. موڈر با کے لئے تنظیم کا ایک اچھا منصوبہ۔
9. ایک موثر ملازمین کا ترقیاتی پروگرام۔
10. کاروبار کو موثر طریقے سے منظم کرنے کے لئے درکار اہلکاروں کی صلاحیت کو راغب کرنے اور برقرار رکھنے کے لئے ڈیزائن کردہ معاوضے اور فوائد کے منصوبے، پالیسیاں اور طرز عمل۔
11. انتظامی عہدوں کو متاثر کرنے والی تنظیم، افعال اور تعلقات میں تبدیلیوں کی منظوری کا جائزہ لیں اور ان کی سفارش کریں جو انتظامی عہدوں کے شیڈول میں شامل افراد کے برابر اہمیت کے حامل ہیں۔
12. انتظامیہ کی مختلف سطحوں پر فیصلوں کی ضرورت کے اہلکاروں کے معاملات کے لئے اتھارٹی اور منظوری کے طریقہ کار کی مناسب حدود کا تعین کریں۔
13. ملازمین کے ترقیاتی نظام کا جائزہ لیں تاکہ یہ یقینی بنایا جاسکے کہ:
 - a. Modarabas کے سینئر مینجمنٹ کے تقاضوں کی پیش گوئی کرتا ہے۔
 - b. کلیدی اہلکاروں کی جلد شناخت اور ترقی کے لئے فراہم کرتا ہے۔
 - c. سینئر انتظامی عہدوں کے لئے مخصوص جانشینی کے منصوبے پیش کرتا ہے۔
 - d. تربیت اور ترقیاتی منصوبے۔
14. معاوضہ اور فوائد:

- a. بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کی سفارش کرنا؛
- b. بورڈ کو سی ای او کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ کے فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنا؛
- c. بورڈ کو سی او او، سی ایف او، مودار ابا سیکرٹری اور ہیڈ آف انٹرنل آڈٹ کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ کے فوائد) اور سی ای او کو سینئر مینجمنٹ کی رپورٹنگ کی سفارش کرنا۔

اعترافات

ہم اپنی خدمات پر ان کے اعتماد کے لئے اپنے قابل قدر صارفین کا ریکارڈ شکریہ ادا کرنا چاہتے ہیں اور ہم اپنی خدمات کو مسلسل بہتر بنا کر انہیں بہترین معیار فراہم کرنے کا عہد کرتے ہیں۔ ہم اپنے تمام ساتھیوں، انتظامیہ اور دیگر عملے کا بھی شکریہ ادا کرنا چاہیں گے جو اپنے کام کے لیے پر عزم ہیں کیونکہ آپ کے موڈر باکی کامیابی ان کی کوششوں کے گرد گھومتی ہے۔ ہم اپنے سرٹیفکیٹ ہولڈرز کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے موڈر با پر اعتماد کیا اور انہیں یقین دلا یا کہ ہم موڈر با میں ان کی سرمایہ کاری کے بہترین انعامات کو یقینی بنانے کے لیے اپنی پوری کوشش کرنے کے لیے پر عزم ہیں۔

مورخہ 27 اکتوبر 2023

لاہور

جناب صدیق الرحمن خرم

چیف ایگزیکٹو آفیسر



AL-HIKMAH

Shariah Advisory Services

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Shari'ah Advisor's Report to the BOD for the Year Ended June 2023

I have conducted the *Shari'ah* review of Modaraba Al Mali managed by AssetPlex Modaraba Management Limited for the financial year ended June 2023 in accordance with the requirements of the **Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas** issued by SECP and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the *Shari'ah* compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the *Shari'ah* principles;
- ii. During the year, the business activities were carried out in the Shariah Compliant manner.
- iii. The agreement(s) entered into by the Modaraba during the period are *Shari'ah* compliant and all the agreement(s) have been executed on the formats as approved by the Religious Board of SECP and all the related conditions have been met;
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the *Shari'ah* requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan, specific AAOIFI Shariah Standards which have been adopted by SECP and the *Shari'ah* Compliance & *Shari'ah* Audit Regulations for Modarabas.
- v. The Modaraba does not have any deposit raising product at the moment, therefore no profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product apply.
- vi. No earnings have been realized from the sources or by means prohibited by *Shari'ah*.

Conclusion

In my opinion and to the best of my knowledge and information provided by the Modaraba, I am of the view that during the period overall business activities of the Modaraba are Shariah Compliant.



+92 322 657 0410
+92 21 3589 0821



shariah@alhikmah-sas.com
www.alhikmah-sas.com



Suite# A-2, Second Floor, Plot # 83-C,
Khyaban-e-Jami, Phase 7, DHA, Karachi, Pakistan



AL-HIKMAH

Shariah Advisory Services

And Allah knows best.

Mufti Zeeshan Abdul Aziz
Al-Hikmah Shariah Advisory Services Pvt Ltd
Shari'ah Advisor
Modaraba Al Mali

Dated: 25-09-2023



+92 322 657 0410
+92 21 3589 0821



shariah@alhikmah-sas.com
www.alhikmah-sas.com



Suite# A-2, Second Floor, Plot # 83-C,
Khyaban-e-Jami, Phase 7, DHA, Karachi, Pakistan

Statement of Compliance

(Code of Corporate Governance) Regulations, 2019

Modaraba Al - Mali

Year Ended June 30, 2023

The Board of Directors (the Board) of LSE Capital Limited, the Modaraba Management Company (here after referred to as the Company) is responsible for the management of affairs of Modaraba Al-Mali (the Modaraba). The Modaraba has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

	Nos.		Nos.
Executive Directors	01	Male Directors	06
Non-Executive Directors	04	Female Director(s)	01
Independent Directors	02		

2. The composition of board is as follows:

• Mr. Usman Hassan	Chairman/ Independent Director
• Mr. Siddique-ur Rehman Khurram	Chief Executive Officer
• Ms. Aasiya Riaz	Non-Executive Director
• Mr. Hafiz Mudassir Alam	Non-Executive Director
• Mr. Muhammad Usman	Non-Executive Director
• Mr. Aoun Muhammad	Non-Executive Director
• Mr. Hussain Ahmed Ozgen	Independent Director

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Modaraba.
4. The Modaraba has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Modaraba.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency and recording, however, the circulation of minutes of meeting of board was not complied with.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
11. The board has formed committees comprising of members given below:

1. Audit Committee		2. Human Resource and Remuneration Committee	
Mr. Muhammad Usman	Chairman	Mr. Hussain Ahmed Ozgen	Chairman
Mr. Hafiz Mudassir Alam	Member	Mr. Siddique Ur Rehman Khurram	Member
Mr. Aoun Muhammad	Member	Mr. Muhammad Usman	Member
Mr. Mansoor Ahmed Soomro	Secretary	Mr. Rashid Matin Khan	Secretary

3. Risk Committee		4. Nomination Committee	
Mr. Usman Hassan	Chairman	Mr. Usman Hassan	Chairman
Mr. Hussain Ahmed Ozgen	Member	Mr. Hafiz Mudassir Alam	Member
Mr. Siddique Ur Rehman Khurram	Member	Mr. Siddique Ur Rehman Khurram	Member
Mr. Rashid Matin Khan	Secretary	Mr. Rashid Matin Khan	Secretary

12. The terms of reference of the Board audit committee and Human Resource and Remuneration committee have been formed, documented, and advised to the committee for compliance.
13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as follows:
- | | |
|------------------------------------|---------------------------------|
| i. Audit Committee: | Four quarterly meetings |
| ii. HR and Remuneration Committee: | One annual meeting |
| iii. Risk Management Committee: | No meeting held during the year |
| iv. Nomination Committee: | No meeting held during the year |

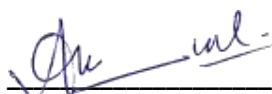
14. The Board has outsourced the internal audit function to M/s Junaidy Shoaib Asad Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
15. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Modaraba and its Management Company.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

17. Explanation for non-compliance as highlighted by the Statutory Auditors is as follows:

S. No.	Requirement	Explanation for Non-Compliance	Regulation No.
1	Board of directors are responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies. Also, do the board undertake at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.	The Board has not formalized and published any policy in respect of risk management. However, when a situation / transaction arises which requires them to undertake the review of business risks, the Board analyzes the related risk and decision is made considering the relevant factors which might impose threats to the entity. Furthermore, the Board has implemented proper governance structure and ensures that the management maintains a sound system for identification of risks.	10(2)
2	The Board of the company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its Committees.	The Board has adopted a policy of formal evaluation, but no evaluation was conducted during the year. Since the Board, has not completed a full year due to reconstitution, therefore annual evaluation of directors was not conducted.	10(3)(v)
3	The Chairman shall ensure that minutes of the meetings of the Board are kept in accordance with the requirements of section 178 and 179 of the Companies Act, 2017.	Section 178(4) of the Companies Act, 2017 require that draft minutes of meeting of board shall be furnished to every director within fourteen days of the date of meeting. The minutes were not circulated, however, the same were discussed in the next meeting and approved by the Board.	12(1)
4	All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	Noted for compliance	18
5	Head of Internal Audit a) has three years of relevant experience in audit or finance or compliance function and is a member of the Institute of Chartered	Internal Audit Function is outsourced due to limited Modaraba activities.	23

	<p>Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan or;</p> <p>b) has five years of relevant experience in audit or finance or compliance function; and</p> <ul style="list-style-type: none"> i. is a Certified Internal Auditor; or ii. is a Certified Fraud Examiner; or iii. is a Certified Internal Control Auditor; or iv. has a post graduate degree in business, finance from a university or equivalent recognized and approved by the HEC and is a member of a professional body relevant to such qualification, if applicable; or; <p>c) has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the HEC. The SECP, on application from the company, shall determine the suitability of such candidate</p>		
6	<p>No person shall be appointed as the company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission:</p> <p>Provided, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.</p>	Noted for compliance	24
7	<p>All companies shall ensure that internal audit reports are provided for the review of external auditors.</p>	Noted for compliance	31(7)



Aoun Muhammad
 Chairman Board of Directors

INDEPENDENT AUDITOR'S REVIEW REPORT

Modaraba Al-Mali (the Modaraba)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of LSE Capital Limited, the Modaraba Management Company of Modaraba Al-Mali (the Modaraba) for the year ended 30 June 2023, in accordance with the requirements of regulation 36 of the aforesaid Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's, and Modaraba Management Company's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba Management Company's corporate governance procedures and risks.

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba Management Company for the year ended 30 June 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph reference	Description
1.	7	The Board has not complied with the requirements of the Regulations with respect to circulation of minutes of the meetings of audit committee.

Lahore

Date: 27 October 2023

UDIN: CR202310269o0VZ1CxBb


Kreston Hyder Bhimji & Co.
Chartered Accountants

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of Modaraba Al-Mali as at 30 June 2023 and the related statement of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended.

These financial statements are LSE Capital Limited's (Modaraba Management Company) responsibility which is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our unmodified opinion and we report that:

- a) In our opinion, proper books of account have been kept by the Modaraba Company in respect of Modaraba Al-Mali as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i) the balance sheet and statement of profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba.

- c) In our opinion and to the best of our information and according to explanations given to us, the balance sheet, statement of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2023 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deducted by the Modaraba under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

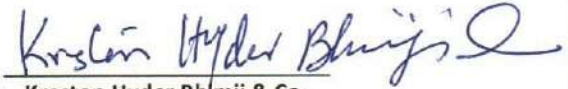
Other Matter

The financial statements of the Modaraba for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion in their audit report dated 20 October 2022.

Lahore

Date: 27 October 2023

UDIN: AR202310269X9fJa8z0I



Kreston Hyder Bhimji & Co.
Chartered Accountants
Muhammad Usman Shah

AR7422

Financial Highlights	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Balance Sheet								
Equity								
Issued, subscribed and paid-up certificate capital	Rs. in million 184.24	Rs. in million 184.24	Rs. in million 184.24	Rs. in million 184.24	Rs. in million 184.24	Rs. in million 184.24	Rs. in million 794.24	Rs. in million 794.24
Certificate Subscription money	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 13.06
Statutory Reserves	Rs. in million 58.45	Rs. in million 59.75	Rs. in million 62.07	Rs. in million 63.16	Rs. in million 66.88	Rs. in million 73.64	Rs. in million 332.18	Rs. in million 81.32
Other Reserves	Rs. in million (83.15)	Rs. in million (81.62)	Rs. in million (77.84)	Rs. in million (14.10)	Rs. in million (2.37)	Rs. in million 11.76	Rs. in million (39.16)	Rs. in million 226.61
	Rs. in million 159.54	Rs. in million 162.37	Rs. in million 168.47	Rs. in million 233.30	Rs. in million 248.75	Rs. in million 269.64	Rs. in million 1,087.26	Rs. in million 1,115.23
Liabilities								
Murabah & Musharikah	Rs. in million 12.36	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 60.00	Rs. in million 53.85
Customer Security Deposits	Rs. in million 19.11	Rs. in million 18.30	Rs. in million 10.56	Rs. in million 10.40	Rs. in million 7.94	Rs. in million 3.88	Rs. in million 3.80	Rs. in million 3.76
Other Liabilities	Rs. in million 28.32	Rs. in million 15.61	Rs. in million 16.37	Rs. in million 17.36	Rs. in million 15.61	Rs. in million 15.87	Rs. in million 183.08	Rs. in million 295.12
	Rs. in million 59.79	Rs. in million 33.91	Rs. in million 27.13	Rs. in million 27.76	Rs. in million 23.55	Rs. in million 19.75	Rs. in million 246.88	Rs. in million 352.73
Liabilities & Equity	Rs. in million 219.33	Rs. in million 196.28	Rs. in million 195.60	Rs. in million 261.06	Rs. in million 272.30	Rs. in million 289.39	Rs. in million 1,334.14	Rs. in million 1,467.96
Assets								
Assets in Own Use	Rs. in million 72.33	Rs. in million 71.43	Rs. in million 70.26	Rs. in million 69.33	Rs. in million 68.79	Rs. in million 68.28	Rs. in million 2.38	Rs. in million 4.41
Assets Leased Out	Rs. in million 102.17	Rs. in million 53.11	Rs. in million 13.89	Rs. in million 6.70	Rs. in million 4.06	Rs. in million -	Rs. in million -	Rs. in million -
Long Term Investments	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 81.83	Rs. in million 76.45	Rs. in million 96.95	Rs. in million 929.62	Rs. in million 1,259.72
Other Long Term Assets	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 54.02	Rs. in million 58.52	Rs. in million 70.81	Rs. in million 382.23	Rs. in million 186.24
Other Current Assets	Rs. in million 38.90	Rs. in million 52.15	Rs. in million 64.28	Rs. in million 49.18	Rs. in million 64.48	Rs. in million 53.35	Rs. in million 19.78	Rs. in million 17.59
Cash & bank	Rs. in million 5.93	Rs. in million 19.59	Rs. in million 47.17	Rs. in million 261.06	Rs. in million 272.30	Rs. in million 289.39	Rs. in million 1,334.14	Rs. in million 1,467.96
Total Assets	Rs. in million 219.33	Rs. in million 196.28	Rs. in million 195.60	Rs. in million 261.06	Rs. in million 272.30	Rs. in million 289.39	Rs. in million 1,334.14	Rs. in million 1,467.96
Profit & Loss Account								
Dividend Income	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 40.74	Rs. in million 8.06
Lease Income / Musharikah & Morabaha Income	Rs. in million 47.33	Rs. in million 46.58	Rs. in million 35.86	Rs. in million 8.50	Rs. in million 0.14	Rs. in million -	Rs. in million -	Rs. in million -
Other Income	Rs. in million 14.85	Rs. in million 13.95	Rs. in million 21.79	Rs. in million 23.90	Rs. in million 24.35	Rs. in million 23.37	Rs. in million 75.55	Rs. in million 89.66
Capital Gain	Rs. in million -	Rs. in million -	Rs. in million -	Rs. in million 3.71	Rs. in million 1.49	Rs. in million 24.53	Rs. in million -	Rs. in million -
Total Income	Rs. in million 62.18	Rs. in million 60.53	Rs. in million 57.65	Rs. in million 36.11	Rs. in million 25.98	Rs. in million 47.89	Rs. in million 116.29	Rs. in million 97.72
Operating Expenses	Rs. in million 18.30	Rs. in million 14.78	Rs. in million 15.82	Rs. in million 13.48	Rs. in million 13.36	Rs. in million 12.61	Rs. in million 34.89	Rs. in million 44.15
Other Expenses	Rs. in million 38.62	Rs. in million 38.49	Rs. in million 29.13	Rs. in million 13.85	Rs. in million (6.67)	Rs. in million 0.70	Rs. in million 2.31	Rs. in million 9.65
Taxation	Rs. in million 0.58	Rs. in million 0.74	Rs. in million 1.11	Rs. in million 0.82	Rs. in million 0.68	Rs. in million 0.80	Rs. in million 13.02	Rs. in million 47.59
Net Profit/(Loss)	Rs. in million 4.68	Rs. in million 6.52	Rs. in million 11.59	Rs. in million 7.96	Rs. in million 18.61	Rs. in million 33.79	Rs. in million 66.06	Rs. in million (3.67)
Certificate Outstanding	Nos. 18,423,945	Nos. 18,423,945	Nos. 18,423,945	Nos. 18,423,945	Nos. 18,423,945	Nos. 18,423,945	Nos. 79,423,945	Nos. 79,423,945
Analysis								
EPS	Rs./ Certificate 0.25	Rs./ Certificate 0.35	Rs./ Certificate 0.63	Rs./ Certificate 0.43	Rs./ Certificate 1.01	Rs./ Certificate 1.92	Rs./ Certificate 1.23	Rs./ Certificate (0.05)
Book Value	Rs./ Certificate 8.66	Rs./ Certificate 8.81	Rs./ Certificate 9.14	Rs./ Certificate 12.66	Rs./ Certificate 13.50	Rs./ Certificate 14.64	Rs./ Certificate 13.69	Rs./ Certificate 14.04
Debt-Equity Ratio	Times 0.37	Times 0.21	Times 0.16	Times 0.12	Times 0.09	Times 0.07	Times 0.23	Times 0.32
Return on Equity	% 2.93%	% 4.02%	% 6.88%	% 3.41%	% 7.48%	% 12.53%	% 6.08%	% -0.33%
Dividend Paid	Rs. in million 3.68	Rs. in million 3.68	Rs. in million 5.15	Rs. in million 9.21	Rs. in million 2.94	Rs. in million 12.90	Rs. in million 6.82	Rs. in million -
Transferred to Statutory Reserves	Rs. in million 0.93	Rs. in million 1.30	Rs. in million 2.32	Rs. in million 1.59	Rs. in million 3.72	Rs. in million 6.76	Rs. in million 6.76	Rs. in million -
Dividend Paid	Rs./ Certificate 0.20	Rs./ Certificate 0.20	Rs./ Certificate 0.28	Rs./ Certificate 0.50	Rs./ Certificate 0.16	Rs./ Certificate 0.70	Rs./ Certificate 0.37	Rs./ Certificate -

Pattern of Shareholding – June 30, 2023

		No. of Certificate-holders		No. of Certificates		No. of Certificates
from	to	Physical	CDC	Physical	CDC	Total
1	100	1,707	278	34,594	6,306	40,900
101	500	431	178	113,185	61,507	174,692
501	1000	201	124	147,755	112,277	260,032
1001	5000	254	292	501,035	843,581	1,344,616
5001	10000	42	105	291,862	840,935	1,132,797
10001	15000	15	46	187,849	572,788	760,637
15001	20000	1	32	15,180	592,140	607,320
20001	25000	-	28	-	649,809	649,809
25001	30000	1	16	25,357	440,517	465,874
30001	35000	3	6	98,676	197,325	296,001
35001	40000	1	4	35,479	156,500	191,979
40001	45000	1	11	43,370	469,275	512,645
45001	50000	2	15	92,283	739,100	831,383
50001	55000	-	2	-	108,500	108,500
55001	60000	1	5	55,786	295,500	351,286
60001	65000	-	1	-	64,500	64,500
65001	70000	-	4	-	275,500	275,500
70001	75000	1	8	71,440	591,510	662,950
75001	80000	-	1	-	76,500	76,500
80001	85000	-	3	-	253,324	253,324
85001	90000	-	1	-	90,000	90,000
90001	95000	-	3	-	276,400	276,400
95001	100000	-	6	-	594,250	594,250
100001	105000	-	5	-	514,058	514,058
105001	110000	-	2	-	216,000	216,000
110001	115000	-	1	-	114,660	114,660
115001	120000	-	1	-	116,500	116,500
120001	125000	-	4	-	491,267	491,267
125001	135000	-	4	-	526,550	526,550
135001	140000	-	2	-	272,216	272,216
140001	145000	-	2	-	287,645	287,645
145001	155000	-	2	-	306,000	306,000
155001	160000	-	2	-	318,670	318,670
160001	165000	-	1	-	161,445	161,445
165001	170000	-	2	-	335,500	335,500
170001	175000	-	1	-	175,000	175,000
175001	190000	-	2	-	377,000	377,000

190001	200000	-	1	-	200,000	200,000
200001	205000	-	1	-	202,500	202,500
205001	255000	-	2	-	502,488	502,488
255001	270000	-	1	-	265,500	265,500
270001	300000	-	1	-	300,000	300,000
300001	310000	-	1	-	307,500	307,500
310001	350000	-	1	-	347,000	347,000
350001	365000	-	1	-	360,500	360,500
365001	385000	-	1	-	384,000	384,000
385001	405000	-	1	-	402,346	402,346
405001	500000	-	1	-	500,000	500,000
500001	665000	-	1	-	662,500	662,500
665001	755000	-	1	-	752,095	752,095
755001	785000	-	1	-	782,015	782,015
785001	925000	-	1	-	921,487	921,487
925001	1000000	3	2	3,000,000	2,000,000	5,000,000
1000001	1165000	-	1	-	1,161,307	1,161,307
1165001	1705000	-	1	-	1,705,000	1,705,000
1705001	2550000	-	1	-	2,547,000	2,547,000
2550001	3500000	-	1	-	3,500,000	3,500,000
3500001	4000000	-	1	-	4,000,000	4,000,000
4000001	7945000	-	2	-	15,886,301	15,886,301
7945001	24500000	-	1	-	24,500,000	24,500,000
		2,664	1,226	4,713,851	74,710,094	79,423,945

10% holding or above

LSE Capital Limited	9,103,703	11.46%
Digital Custodian Company Limited	7,943,905	10.00%
Danish Elahi	25,188,000	31.71%

S. No.	Categories Certificate holders	Number	Certificates Held	% Age
1	Associated Companies	1	9,103,703	11.46
	Assetplex Modaraba Management Limited		9,103,703	11.46
2	NIT / ICP	2	1,992	0.00
	Investment Corporation of Pakistan		1,494	0.00

	IDBP (ICP Units)		498	0.00
3	Directors, CEO their Spouse & Minor Children	1	2,155	0.00
	Usman Hassan		2,155	0.00
4	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	72	15,598,447	19.64
5	General Public	3,814	54,717,648	68.89
	Total		<u>3,890</u>	<u>79,423,945</u>
				100.00

Modaraba Al-Mali

Financial Statements for the
year ended June 30 2023

Modaraba Al-Mali
Balance Sheet
As at June 30, 2023

ASSETS	Note	2023 Rupees	Restated 2022 Rupees
<u>Non-current assets</u>			
Property and equipment	6	4,405,622	2,384,468
Long-term investments	7	1,259,724,433	929,621,875
Long-term portion of diminishing musharaka	8	-	117,322
		<u>1,264,130,055</u>	<u>932,123,665</u>
<u>Current assets</u>			
Tax refunds due from government	9	11,032,683	18,540,284
Current portion of diminishing musharaka		227,069	455,176
Ijarah finance	10	3,755,007	3,755,007
Advances, deposits, prepayments and other receivables	11	17,657,692	249,744,611
Investments	12	153,581,521	13,124,176
Cash and bank balances	13	17,578,812	19,778,001
		<u>203,832,784</u>	<u>305,397,255</u>
Non-current asset held for sale	14	-	96,616,000
		<u>203,832,784</u>	<u>402,013,255</u>
Total assets		<u>1,467,962,839</u>	<u>1,334,136,920</u>
LIABILITIES			
<u>Non-current liabilities</u>			
Deferred tax liabilities	15	48,719,568	75,393,512
<u>Current liabilities</u>			
Short term finance from related parties	16	53,854,366	60,000,000
Creditors, accrued and other liabilities	17	236,036,565	22,726,605
Security deposits - Ijarah finance	18	3,762,138	3,797,138
Unclaimed profit distribution		10,358,639	10,358,639
		<u>304,011,708</u>	<u>96,882,382</u>
Liabilities directly associated with the asset held for sale	14	-	74,601,589
		<u>304,011,708</u>	<u>171,483,971</u>
Total liabilities		<u>352,731,276</u>	<u>246,877,483</u>
Net assets		<u>1,115,231,563</u>	<u>1,087,259,437</u>
Represented by:			
<u>Capital and reserves</u>			
Authorized certificate capital 92,000,000 (2022: 80,000,000) Modaraba certificates of Rs.10 each	19	920,000,000	800,000,000
Issued, subscribed and paid-up certificate capital	19	794,239,450	794,239,450
Certificate subscription money	20	13,058,890	-
Capital reserves	21	81,320,896	332,181,167
Revenue reserves		226,612,327	(39,161,180)
		<u>1,115,231,563</u>	<u>1,087,259,437</u>
Contingencies and commitments	22		

The annexed notes from 1 to 43 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
Statement of Profit and Loss Account
For the year ended June 30, 2023

	Note	2023 Rupees	Restated 2022 Rupees Restated
<u>Continuing operations</u>			
Dividend income	23	8,065,963	40,739,183
Income from deposits with Islamic banks	24	1,122,809	3,107,264
Income on diminishing musharaka transactions		33,104	206,814
Rental income		2,450,000	-
		11,671,876	44,053,261
Fair value change on re-measurement of investments classified as financial assets at FVPL	25	(9,360,369)	17,269,140
Other income		-	90,793
Gain on disposal of property and equipment		(151,254)	-
Administrative and operating expenses	26	(41,385,306)	(24,126,160)
		(39,225,053)	37,287,034
Share of profit from associates	27	38,232,011	-
Gain on bargain purchase of investment	28	47,819,187	-
Management fee		(2,769,885)	(10,768,510)
Provision for workers' welfare fund	29	(434,848)	(1,875,500)
		43,621,412	24,643,024
Operating profit		43,621,412	24,643,024
Musharaka finance cost		(9,215,725)	(435,419)
		34,405,687	24,207,605
Profit before taxation		34,405,687	24,207,605
Taxation	30	(24,976,067)	(13,022,774)
		9,429,620	11,184,831
<u>Discontinued operations</u>			
(Loss) / profit after taxation from discontinued operations	31	(13,098,160)	54,877,910
(Loss) / profit after taxation for the year		(3,668,540)	66,062,741
(Loss) / earnings per certificate - basic & diluted	32	(0.05)	1.23
Earnings per certificate - basic & diluted (from continuing operations)	32	0.12	0.21

The annexed notes from 1 to 43 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
Statement of Comprehensive Income
For the year ended June 30, 2023

	Note	2023 Rupees	Restated 2022 Rupees
(Loss) / profit for the year		(3,668,540)	66,062,741
<u>Items that will not be reclassified to profit and loss account</u>			
Unrealized gain on re-measurement of equity investments at FVOCI		-	259,616,959
Less: Deferred tax liability attributable to unrealized gain			(75,288,918)
Add: Reversal of excess deferred tax liability attributable to fair value reserve on reclassification of FVOCI equity investments		36,346,374	-
Actuarial gain/(loss) on re-measurement of post-employment benefit obligation		91,365	(434,019)
Less: Deferred tax (liability)/asset attributable to actuarial gain/(loss)	11	(26,496)	125,866
Share of comprehensive loss from associated companies	33	(20,975,844)	-
Add: Deferred tax asset attributable to share of loss from associate		3,146,377	-
		<u>18,581,776</u>	<u>184,019,888</u>
Total comprehensive income for the year		<u>14,913,236</u>	<u>250,082,629</u>

The annexed notes from 1 to 43 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
Cash Flow Statement
For the year ended June 30, 2023


	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Profit for the year		(3,668,540)	38,391,560
Adjustments for non-cash charges and other items:			
Depreciation on property and equipment	6.1.2	800,548	200,605
Dividend income	23	(8,065,963)	(39,239,183)
Realized / unrealized appreciation on investments classified as financial assets at FVTPL-net	25	9,360,369	(17,269,140)
Other income		-	(90,793)
Share of profit from associates	27	(86,051,198)	-
Provision for Workers' Welfare Fund	29	434,848	1,875,500
Finance income on defined benefit asset	11.5.3	(27,868)	(10,582)
Provision for impairment on tower and allied equipment		-	350,000
Management fee		2,769,885	10,768,510
Musharaka finance cost		9,215,725	435,419
Taxation	30	24,976,067	44,260,978
Gain on sale of discontinued operation		-	(52,329,436)
		(46,587,587)	(51,048,122)
		(50,256,127)	(12,656,562)
Working capital changes			
(Increase) / decrease in current assets			
Advances, deposits, prepayments and other receivables		100,278,778	(235,417,431)
Inventory		-	2,280,388
		100,278,778	(233,137,043)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		200,889,502	3,282,813
Security deposits		(35,000)	(80,000)
		200,854,502	3,202,813
Acquisition of investments		(698,461,929)	(223,609,373)
Proceeds from sale of investments		546,438,413	257,514,674
		(152,023,516)	33,905,301
Cash used in operations		98,853,637	(208,685,491)
Income taxes paid		(4,676,155)	(7,540,154)
Net cash used in operating activities		94,177,482	(216,225,645)
Cash flows from investing activities			
Long term investments purchased during the year		(127,382,682)	(670,472,285)
Dividend income received during the year		8,065,963	28,982,291
Acquisition of property and equipment		(14,682,875)	(2,321,000)
Proceeds against assets held for sale		30,364,238	74,601,589
Proceeds from discontinued operations		-	120,000,000
Proceeds from diminishing musharaka		345,429	3,617,678
Net cash (used in) / generated from investing activities		(103,289,927)	(445,591,727)
Cash flows from financing activities			
Receipt of right issue subscription		-	610,000,000
Certificate subscription money received		13,058,890	-
Receipt against musharaka finance		(6,145,634)	60,000,000
Expenses incurred on issuance of right certificates		-	(35,648,148)
Profit distributed to certificate holders		-	(6,107,461)
Net cash generated from / (used in) financing activities		6,913,256	628,244,391
Net decrease in cash and cash equivalents		(2,199,189)	(33,572,981)
Cash and cash equivalents at beginning of the year		19,778,001	53,350,982
Cash and cash equivalents at end of the year	13	17,578,812	19,778,001

The annexed notes from 1 to 43 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
Statement of Changes in Equity
For the year ended June 30, 2023

	Rupees					Total equity			
	Paid-up certificate capital	Certificate subscription money	Premium on issue of certificates	Capital reserves	Revenue reserves				
				Statutory reserve (Note)	Revaluation reserve	Fair value reserve	(Accumulated loss) / Retained earnings	Total reserves	
Balance as at July 1, 2021	184,239,450	-	511,409	73,642,584	66,532,230	-	(55,283,857)	85,402,366	269,641,816
Total comprehensive income - restated									
Profit for the year ended June 30, 2022	-	-	-	-	-	-	66,062,741	66,062,741	66,062,741
Other comprehensive income for the year	-	-	-	-	-	184,328,041	-	252,294,840	184,328,041
- Unrealized gain on re-measurement of investments measured through FVOCI, net	-	-	-	-	-	184,328,041	(308,153)	(308,153)	(308,153)
- Remeasurement of post-employment benefit obligations, net	-	-	-	-	-	-	65,754,598	318,049,428	250,082,629
Total comprehensive income for the year - restated									
Transactions with owners of the Modaraba recognized directly in equity									
Right issue at Rs. 10 per certificate	610,000,000	-	(511,409)	-	-	-	-	(35,648,148)	610,000,000
Expenses incurred on issuance of right certificates	-	-	-	-	-	-	(35,136,739)	(35,648,148)	(35,648,148)
Final cash dividend of Rs. 0.37 per certificate for the year ended June 30, 2021	-	-	-	-	-	-	(6,816,860)	(6,816,860)	(6,816,860)
Transfer to statutory reserve	-	-	-	7,678,312	-	-	(7,678,312)	-	-
Balance as at June 30, 2022 - restated	794,239,450	-	-	81,320,896	66,532,230	184,328,041	(39,161,180)	293,019,987	1,087,259,437
Balance as at July 31, 2022 as previously reported	794,239,450	-	-	81,320,896	66,532,230	252,294,840	(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)	-	-	-	-	-	(67,966,799)	-	(67,966,799)	(67,966,799)
Balance as at July 31, 2022 as restated	794,239,450	-	-	81,320,896	66,532,230	184,328,041	(39,161,180)	293,019,987	1,087,259,437
Total comprehensive income									
Loss for the year ended June 30, 2023	-	-	-	-	-	-	(3,668,540)	(3,668,540)	(3,668,540)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-
- Reversal of excess deferred tax liability attributable to fair value reserve on reclassification of FVOCI equity investments	-	-	-	-	-	38,346,374	-	36,346,374	36,346,374
- Share of comprehensive loss from associated companies, net	-	-	-	-	-	-	(17,829,467)	(17,829,467)	(17,829,467)
- Remeasurement of post-employment benefit obligations, net	-	-	-	-	-	-	64,869	64,869	64,869
Total comprehensive loss for the year									
Transactions with owners of the Modaraba recognized directly in equity									
Fair value reserve on investments measured through FVOCI recycled to accumulated loss on reclassification of investments	-	-	-	-	-	(220,674,415)	220,674,415	-	-
Certificate subscription money received during the year	-	13,058,890	-	-	-	-	-	-	13,058,890
Surplus on revaluation on investment property	-	-	-	-	(66,532,230)	-	-	66,532,230	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2023	794,239,450	13,058,890	-	81,320,896	-	-	226,612,327	307,933,223	1,115,231,563

The annexed notes from 1 to 43 form an integral part of these financial statements.

Note: The statutory reserve represents profit set aside as required under the Modaraba Regulations, 2021 for Modarabas, as issued by the Securities and Exchange Commission of Pakistan. Since, the Modaraba has suffered a loss for the year ended June 30, 2023, therefore, no transfers to statutory reserves were applicable in the instant case.


Chief Financial Officer

LSE Capital Limited
(Modaraba Management Company)


Director


Director

Modaraba Al-Mali

Notes to the Financial Statements

For the year ended June 30, 2023

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 (Formerly 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 relocated to 505, 5th Floor, LSE Plaza, Kashmir-Edgerton Road, Lahore, in the province of Punjab.

1.2 The Modaraba was previously engaged in the business of Leasing / Ijarah, Murabaha, Musharaka Financing and operation of petrol and diesel filling / service station. The BankIslami 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 aimed at reviving the dormant and listed shell companies to explore 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.

In pursuance of Modaraba's new objects and vision, the management of Modaraba had entered into a share purchase agreement with Ex-CEO of the Messrs. Metatech Health Limited ("the Company") for its revival. As per the arrangement, the Modaraba had acquired 29.99% of the share capital of the company from its ex-sponsors comprising 489,900 ordinary shares @ Rs. 51 per share having a total value of Rs. 25 million and became an associated undertaking of the company. 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.

Towards the endeavor of revival of the Company, the Company under the management of Modaraba Al Mali has signed a Term Sheet with Messrs. Ensmile Limited for an investment of Rs. 300 million and has also taken-over the Operations and Management of Ensmile's Digital Dental Aligners Studios in Pakistan. The investment in Messrs. Ensmile Limited by the company was funded by the Modaraba and this financing was to be converted into Perpetual, Non-participatory and convertible Sukuks to be issued in the parity of ordinary shares. However, due to current economic market situation, these Sukuks were on hold by the SECP and the management of the company has decided to cancel the proposed sukuks and these had been settled by transferring the investment in Ensmile Limited to the Modaraba after the allotment of shares in its name under a duly executed transfer deed entered into between the company and the Modaraba Al Mali on March 24, 2023.

On March 24, 2023, the management of the Modaraba, being also the directors of the Company with majority, had takeover the business operations of Ensmile's studios that were previously being managed by the Company after the approval of members of the Company in their EOGM held on the said 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 as at that date.

The carrying amounts of assets and liabilities takeover by the Modaraba as approved by the members of the company in their EOGM held on March 24, 2023 as were appearing in the financial statements of the company as at March 31, 2023 are as follows:

<u>Assets</u>	<u>Rupees</u>
Property and equipment	14,027,635
Other receivables	2,625,930
Cash and bank balances	2,113,647
	<hr/>
	18,767,212
 <u>Liabilities</u>	
Short term loan	(4,979,500)
Trade and other payables	(2,694,161)
	<hr/>
	(7,673,661)
 Net assets	11,093,551
Add: Acquisition of investment in Ensmile shares at agreed value	289,396,637
Less: Adjustment of advance to the Company for investment	(300,020,500)
	<hr/>
Loss on business portfolio	(10,623,863)
	<hr/>
Consideration payable to the Company	469,688
	<hr/> <hr/>

Later on, the management of Modaraba has decided to transfer the business of Ensmile studio operations to Ensmile Limited along with all the related assets and liabilities for a purchase consideration of Rs. 2.626 million. On June 30, 2023, the management of the Modaraba has transferred all the net assets to Ensmile Limited as approved by the members of the Modaraba in their Extraordinary review meeting held on the said date. The particulars of assets and liabilities related to Ensmile studio business along with their carrying values transferred to Ensmile Limited as were appearing in the books of account of the Modaraba as on June 30, 2023 are as follows:

<u>Assets</u>	<u>Rupees</u>
Property and equipment	9,596,086
 <u>Liabilities</u>	
Short term loan	(4,979,500)
Trade and other payables	(2,694,161)
Security deposits against rented premises	(1,050,000)
	<hr/>
	(8,723,661)
 Net assets	872,425
Less: Consideration payable by Ensmile Limited	2,625,930
	<hr/>
Gain on disposal of Ensmile related business assets	(1,753,505)
	<hr/> <hr/>

- 1.3 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 during the year.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and directives issued by the SECP differ from the Companies Act, 2017 and IFRS Standards, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 or the provisions of and directives issued by the SECP under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following items, without taking into account the effects of inflation:

- certain financial assets (equity investments) measured at FVOCI and FVPL;
- financial assets which are carried at value determined after the provision of impairment under expected credit loss approach;
- investment property measured at fair value;
- non-current assets held for sale at the lower of carrying value and fair value less cost to sell;
- net defined benefit asset / obligation measured at fair value of plan assets less the present value of defined benefit obligation.
- Deferred tax liabilities recognized at amounts in accordance with IAS 12; and
- Provisions are recognized at amounts reflecting the best estimate and contingencies are disclosed in accordance with IAS 37.

In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis of accounting.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupee (Rs.), which is the functional and presentation currency of the Modaraba. All figures have been rounded off to the nearest rupee, unless otherwise indicated.

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

2.4.1 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 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 below.

2.4.2 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 22, 2007. Under 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 owned assets.
- 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 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 for 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.

2.5 During the year ended June 30, 2019, NBF1 & 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 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 period ending on or after June 30, 2021 which was further delayed until June 30, 2022.

However, during the current year, 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.

However, 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 year 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 financial statements in profit and loss account / other comprehensive income depending on the nature of investment portfolio.

2.6 Use of estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where judgments made in applying accounting policies and various assumptions and estimates are significant to Modaraba's financial statements or where judgments were exercised in application of accounting policies are as follows:

2.6.1 Useful life and residual values of property, plant and equipment

The Modaraba reviews the useful life and residual value of property, plant and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Modaraba uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation / amortization charge and impairment, if any.

2.6.2 Recoverable amount of non financial assets and impairment

The management of the Modaraba reviews carrying amounts of its non financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.6.3 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates and forward looking information for macro economic factors i.e. interest rates, inflation rates, unemployment rates, GDP rates etc.

2.6.4 Employees' retirement benefits

The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.6.5 Contingencies

The Modaraba has disclosed significant contingent liabilities for the pending litigations and claims against it based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Modaraba and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.6.6 Provision for income taxes

Instances where the Modaraba's view differs with the view taken by the income tax department at the assessment stage and where the Modaraba considers that its view on items of a material nature is in accordance with the law, the amounts are shown as contingent liabilities.

2.6.7 Valuation of investments measured at FVOCI and FVPL

The Modaraba has recorded its investments measured at FVPL and FVOCI by using quotations from Pakistan Stock Exchange. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

3. New standards / amendments to approved accounting standards and interpretations

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Modaraba's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Modaraba's financial statements.

3.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year:

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date
IAS-37 Provisions, Contingent liabilities and Contingent assets (Amendments)	January 01, 2022
IAS-16 Property, Plant and Equipment	January 01, 2022
Annual improvements to IFRS Standards 2018-2020	January 01, 2022

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

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Modaraba, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective Date (Periods beginning on or after)
IAS-1	Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities.	January 01, 2023
IAS-1	The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.	January 01, 2023
IAS-8	Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates).	January 01, 2023
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption).	January 01, 2023
IAS-7	Statement of Cash Flows (Amendments)	January 01, 2023
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	January 01, 2023
IFRS-7	Financial Instruments	January 01, 2023
IFRS-16	Leases	January 01, 2024
IFRS-10 / IAS-28	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	Deferred indefinitely

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Modaraba's financial statements.

3.3 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First Time Adoption of International Financial Reporting Standards
 IFRS 17 Insurance Contracts
 IFRIC 12 Service Concession Arrangements

4. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortized cost less impairment allowance, if any. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks in current accounts and in profit and loss sharing accounts, term deposit receipt with maturity up to 90 days, as well as balance held with the State Bank of Pakistan (SBP) and stamp papers.

4.2 Ijarah Finance - prior to July 1, 2008

Lease transactions entered into by the Modaraba prior to July 1, 2008 are accounted for as finance leases whereby assets under Ijarah arrangements are presented as receivables at an amount equal to the present value of the minimum Ijarah payments, including estimated residual value, if any. Unearned income i.e. excess of aggregate rentals over the cost of the asset is recorded at the inception of the Ijarah and is amortized over the term of the Ijarah so as to produce a constant rate of return on net investment in Ijarah. Allowances for non-performing leases are made in accordance with the Modaraba Regulations, 2021.

4.3 Murabaha transactions

Under Murabaha financing, funds disbursed for the purchase of goods are recorded as 'advance for Murabaha'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

4.4 Property and equipment

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes other expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged as an expense by applying the straight-line method whereby the cost of an asset is written off over its estimated useful life after taking into account residual value, if any. Depreciation is charged on additions from the day when the asset is available for use while no depreciation is charged for the day in which the assets are disposed of.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account currently.

4.5 Investments in equity instruments of associated companies

Investments in associated companies where significant influence can be established are accounted for using the equity method. Under this method, the investments are stated at cost plus the Modaraba's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investment. Income on investments in associated companies is recognized using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated companies is included in profit and loss, its share of post-acquisition other comprehensive income or loss is included in other comprehensive income and its share of post-acquisition movements in reserves is recognized in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment. Unrealized gains on transactions between the Modaraba and its associates are eliminated to the extent of the Modaraba's interest in the associate.

4.6 Lease rentals - assets under Ijarah arrangements - after July 1, 2008

Assets given under Ijarah arrangements after July 1, 2008 are treated as assets given under operating lease arrangements.

4.7 Impairment

4.7.1 Impairment of financial assets

The Modaraba recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost and contract assets; and
- debt investments measured at FVOCI.

An impairment loss is recognized if the carrying amount of the assets exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

4.7.2 Impairment of non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that non-financial assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost or the carrying amount of the asset had there been no impairment. Reversal of impairment loss is recognized as income.

4.8 Advances and other receivables

Advances and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Other receivables generally do not include amounts over due by 365 days.

4.9 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that their carrying amount will be recovered principally through sale rather than through continuing use. Such non-current assets or disposal groups are valued at lower of cost and fair value less cost to sell.

Once classified as held for sale, property and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

The gain or loss on disposal of non-current assets held for sale represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit and loss account.

4.10 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, but not for sale in ordinary course of business or use in production or supply of goods & services as for administrative purpose, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis is measured at fair value, at each reporting date. The changes in fair value are recognized in the profit and loss account. Any other investment property (whose fair value cannot be measured reliably without undue cost or effort) is measured at cost less accumulated depreciation and any impairment loss.

In case, where the property is partially being used for the purposes of business of the Modaraba and some portion of it is being rented out to a tenant under the contract of tenancy, in which case the property is being classified as owner occupied property in accordance with IAS 16, "Property, plant and Equipment".

Investment properties are derecognized either when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition.

Compensation from third parties for investment property that is impaired, lost or given up is recognized in profit or loss when the compensation becomes receivable.

4.11 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in future.

4.12 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. If it is no more probable that the resources would be required to settle the obligation, the provisions are reversed.

4.13 Musharaka finance

Musharaka financing is recognized initially at fair value, less attributable transaction costs. Difference between the fair value and proceeds of musharaka is recognized as income or expense in the profit and loss account. Subsequently these are measured at amortized cost using the effective interest method.

4.14 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Modaraba; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

4.15 Revenue recognition

4.15.1 Dividend income

Dividend income is recognized in profit and loss account on the date on which the Modaraba's right to receive dividend is established.

4.15.2 Income on bank balances and term deposit receipts

Income on these assets is recognized on a time proportion basis under the effective yield method.

4.15.3 Musharaka finance

Profit on Musharaka finance is recognized on the basis of pro rata accrual of the profit estimated for the transaction over the period except for Diminishing Musharaka finance which is recognized on an accrual basis.

4.15.4 Murabaha finance

Profit from Murabaha Finance is accounted for on culmination of Murabaha transaction. However, the profit on that portion of Murabaha Finance not due for payment is deferred by accounting for "Deferred Murabaha Income" with a corresponding credit to "Unearned Murabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis.

4.15.5 Gains and losses on remeasurement and sale of investments

Unrealized gains / (losses) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise.

Gains and losses on sale of investments are accounted for on trade date i.e. the date on which the Modaraba commits to purchase or sell the asset.

4.15.6 Ijarah income

The Modaraba classify and account for Ijarah contracts commencing prior to June 30, 2008 as finance leases. Unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah.

For Ijarah arrangements commencing on or after July 1, 2008, Ijarah rentals are recognized as income on an accrual basis, as and when rentals become due on a systematic basis over the lease and Ijarah period.

Documentation charges, front-end fee and other Ijarah income are recognized as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Modaraba Regulations, 2021.

4.15.7 Rental income

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as operating lease. Rental income from operating leases is recognized on a straight line basis over the lease term.

4.15.8 Unrealized income on non-performing assets

Unrealized income is suspended, where necessary, on non-performing assets (including non-performing net investment in Ijarah and Murabaha and Musharaka Finances), in accordance with the requirements of the Modaraba Regulations, 2021 issued by the SECP. Unrealized suspense income is recognized in profit and loss account on receipt basis.

4.15.9 Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customers. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of taxes, returns, rebates, discounts and other allowances.

4.16 Financial instruments

4.16.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification and measurement of financial assets

Under IFRS 9, on initial recognition, the Modaraba classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments are made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Modaraba may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Modaraba may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Reclassification

When the Modaraba changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Modaraba applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit and loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit and loss account.

In case of reclassification out of fair value through profit and loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit and loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at
amortized cost**

These assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses, if any. Gain or loss on financial assets not part of hedging relationship is recognized in profit and loss account when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Modaraba recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit and loss account.

Debt investment at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit and loss account. Other net gains and losses are recognized in statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.

**Equity investments at
FVOCI**

These are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the profit and loss account. Dividends on equity instruments are credited to the profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses on derecognition of such investments are recognized in OCI and are never reclassified to profit and loss account.

Equity investments at FVPL

These are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in profit and loss account. Interest calculated using the effective interest rate method is credited to the profit and loss account. Dividends on equity instruments are credited to the profit and loss account. Other net gains and losses on derecognition of such investments are recognized in profit and loss account.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active and for unlisted securities, the Modaraba measures the investment at cost less impairment in value, if any.

4.16.2 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is recognized in profit and loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The unwinding of interest over the period of amortization of liability using the effective rate of interest is included as finance costs in profit and loss account.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit and loss account.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Modaraba's key management personnel. The Modaraba has not designated any financial liability as at fair value through profit and loss account.

4.16.3 Derecognition

Financial assets

The Modaraba derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Modaraba neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Modaraba enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Modaraba derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Modaraba also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit and loss.

4.16.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Modaraba currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.17 Staff retirement benefits

4.17.1 Defined benefit plan - staff gratuity

The Modaraba participates in an approved group funded gratuity scheme for all its permanent employees, who have completed minimum qualifying service period of 3 years. The group comprises of LSE Capital Limited (Formerly Assetplex Limited) and Modaraba Al-Mali. Consolidated fund is being maintained for the employees of the group. Contributions to the fund are made on the basis of actuarial recommendation normally carried out on yearly basis. The latest actuarial valuation was carried out as at June 30, 2023 under the 'Projected Unit Credit Method'.

Re-measurements, comprising of actuarial gains and losses, excluding net mark-up and the return on plan assets (excluding net mark-up), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Net mark-up is calculated by applying the discount rate to the net defined benefit liability or asset. The Modaraba recognizes service costs comprising current service costs, past-service costs, and net mark-up expense or income in the profit and loss account.

4.17.2 Defined contribution plan - staff provident fund

The Modaraba contributes to an approved group provident fund scheme covering all its employees who are eligible under the scheme. The employees are eligible under the scheme if they complete the minimum period of six months from their first day of employment. Equal monthly contributions are made by Modaraba and the employees to the fund at the rate of 8.33% of the basic salary.

4.17.3 Staff compensated absences

Previously, the Modaraba recognizes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules. However, after taking over of the Modaraba by the new management in the prior periods, this benefit had been withdrawn with immediate effect after the entire payment of such benefit to all the old employees resigned thereafter. Further, the operations of fuel station had also been discontinued last year and all the employees related liabilities pertaining to fuel station had been paid off.

4.18 Taxation

4.18.1 Current

The provision of current tax is based on the taxable income for the year, determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any, or minimum tax u/s 113 of the Income Tax Ordinance 2001 or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The Modaraba takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Modaraba's view differ from the views taken by the income tax department at the assessment stage and where the Modaraba considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.18.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets are reviewed at each reporting date and excluded to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the profit or loss, except in the case of items credited or charged to equity in which case it is included in the statement of changes in equity.

4.19 Segment information

Segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a multiple operating segments. The Modaraba's asset allocation decisions are based on an integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

4.20 Proposed profit distribution to certificate holders and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

4.21 Equity and reserves

Ordinary Modaraba certificates issued represent the equity and are recorded at face value. Any transaction costs associated with the issuing of certificates are deducted from certificate capital, net of any related income tax benefits, if any. Unappropriated profit - retained earnings include all current and prior period retained profits.

4.22 Related party transactions

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Modaraba to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Modaraba and vice versa.

4.23 Earnings per certificate

The Modaraba presents basic and diluted earnings per certificate data for its certificate holders. Basic earnings per certificate is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

4.24 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit and loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

5. CORRECTION OF ERRORS

- 5.1 During the FY June 30, 2022, the Modaraba had 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 purview of taxation on capital gains. As a result, the deferred tax previously recognized on this property and classified as "liabilities directly associated with assets held for sale" is exempt and there would be no tax consequences on its disposal, 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	June 30, 2022
Current liabilities	
(Decrease) in liabilities directly associated with the asset held for sale	(27,671,181)
Revenue reserves	
Increase in revenue reserves	27,671,181

Statement of profit or loss

Increase in profit after taxation from discontinued operations	27,671,181
Increase in profit after taxation for the year	27,671,181

Statement of changes in equity

Increase in revenue reserves	27,671,181
------------------------------	------------

5.2

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. Further, deferred tax liability attributed to fair value reserves was also not erroneously computed and recognized in the financial statements for the year ended June 30, 2022. 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	June 30, 2022
Non-current assets	
Increase in long term investments	7,322,119
Non-current liabilities	
Increase in deferred tax liabilities	75,288,918
Capital and reserves	
Decrease in capital reserves	(67,966,799)
Statement of changes in equity	
Decrease in capital reserves	(67,966,799)

The correction of above stated error in note 5.1 also has an impact on the earnings per certificate of the Modaraba for the year ended June 30, 2022 as disclosed below:

Earnings per certificate - previously reported	0.72
Effects for the correction of error	0.510786359
Earnings per certificate - as restated	<u>1.23</u>

Since, the above stated errors pertains to the year June 30, 2022, therefore the correction of these errors have no impact on the opening balance of the earliest period presented, therefore, the opening balance sheet of the earliest period presented as required under paragraph 40(a) of IAS 1, "Presentation of Financial Statements" is not shown in these financial statements being not applicable in the instant case.

6. PROPERTY AND EQUIPMENT
Owned and tangible

	2023								Total	
	Lease hold land - fuel station	Building - fuel station	Office premises	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers		
Rupees										
At July 01, 2022										
Cost	-	-	2,200,000	42,500	-	1,958,977	3,269,931	2,355,898	9,827,306	
Accumulated depreciation	-	-	-	(42,500)	-	(1,870,240)	(3,174,200)	(2,355,898)	(7,442,838)	
Net book value	-	-	2,200,000	-	-	88,737	95,731	-	2,384,468	
Additions										
From third parties	-	-	-	-	-	385,340	89,900	180,000	655,240	
From related party - Metatech Health Limited	-	-	-	4,019,962	550,377	5,188,762	3,176,287	1,092,247	14,027,635	
Depreciation charge for the year										
Disposals	-	-	-	4,019,962	550,377	5,574,102	3,266,187	1,272,247	14,682,875	
Cost	-	-	(86,167)	(203,231)	(27,825)	(146,703)	(219,379)	(117,242)	(800,547)	
Depreciation	-	-	-	(42,500)	(27,825)	(2,010,414)	(3,358,979)	(2,447,921)	(7,887,639)	
Transfers										
Cost	-	-	2,200,000	-	-	-	-	-	2,200,000	
Depreciation	-	-	(86,167)	-	-	-	-	-	(86,167)	
Closing net book value										
	-	-	-	3,816,731	-	378,811	55,300	154,781	4,405,623	
At June 30, 2023										
Cost	-	-	-	4,019,962	-	385,340	89,900	180,000	4,675,202	
Accumulated depreciation	-	-	-	(203,231)	-	(6,529)	(34,600)	(25,219)	(269,579)	
Net book value	-	-	-	3,816,731	-	378,811	55,300	154,781	4,405,623	
Life (Years)	-	20	20	5	5	10	5	3		

2022

	Lease hold land - fuel station	Building - fuel station	Office premises - lease hold	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers	Total
At July 01, 2021									
Cost	63,848,000	8,399,474	-	42,500	-	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	(4,436,918)	-	(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)
Closing net book value	63,848,000	3,822,564	2,200,000	-	-	88,737	95,731	-	67,970,564
At June 30, 2022									
Cost	-	-	2,200,000	42,500	-	1,958,977	3,269,931	2,355,898	9,827,306
Accumulated depreciation	-	-	-	(42,500)	-	(1,870,240)	(3,174,200)	(2,355,898)	(7,442,838)
Net book value	-	-	2,200,000	-	-	88,737	95,731	-	2,384,468
Life (Years)	-	20	20	5	5	10	5	3	

6.1.1 Office premises represented a property rented out to a related party namely; Metatech Health Limited, an associated company, located at 508, 5th Floor, LSE Plaza, Kashmir-Edgerton Road, Lahore. The Modaraba had acquired office premises of Rs. 2,200,000 under a duly executed sale/purchase deed entered into with a third party on February 18, 2022. During the year, the Modaraba had rented out this property to its aforesaid related party on September 01, 2022 @ fair market monthly rental of Rs. 350,000. The property was being used both by the Modaraba and the related party and was being classified as Property and equipment as disclosed in note 4.10 of these financial statements. On November 27, 2022, the management of Modaraba had decided to sell this property to a third party under a duly executed agreement to sell for a consideration of Rs. 2,500,000. Accordingly, this property was transferred to "Non-Current assets held for sale" as the property was in saleable condition and the sale was materialized during the year (Note 14.2).

6.1.2 Disposal of property and equipment

The particulars of items of property and equipment that were disposed off during the year are as follows:

Particulars of assets	Cost	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Purchaser	Relationship with the Modaraba
June 30, 2023							
Surgical instruments	550,377	522,552					
Furniture and fixtures	5,188,762	5,057,602					
Office equipment	3,176,287	3,015,708			Members approval in EOGM	Ensmile Limited	Associated company
Computers	1,092,247	1,000,224					
	10,007,673	9,596,086	11,349,591	1,753,505			
Vehicles	42,500	-			Written off		
Office equipment	3,269,931	71,531		(71,531)	Written off		
Computers	2,355,898	-			Written off		
Furniture and fixtures	1,958,977	79,723		(79,723)	Written off		
	7,627,306	151,254		(151,254)			
	17,634,979	9,747,340	11,349,591	1,602,251			
June 30, 2022							
Fuel station (land and building)	72,247,474	67,670,564	120,000,000	52,329,436	Negotiation	Umar Hayat	Third party
6.1.2 Depreciation charge for the year has been allocated to:		Note	2023 Rupees	2022 Rupees			
Administrative and operating expenses		26	388,961	55,774			
Discontinued operations		31.2	411,587	144,831			
			800,548	200,605			

7. LONG TERM INVESTMENTS	Note	2023 Rupees	2022 Rupees
Investment in debt securities - at amortized cost	7.1	-	281,832,631
Investment in equity instruments - at Fair value through OCI			
LSE Financial Services Limited - unquoted	7.2	-	647,789,244
Investments in equity instruments - associated companies measured at equity method			
LSE Proptech Limited	7.3	322,499,846	-
LSE Ventures Limited	7.4	639,908,985	-
Ensmile Limited	7.5	297,315,602	-
Metatech Health Limited	7.6	-	-
		<u>1,259,724,433</u>	<u>929,621,875</u>

7.1 Investment in debt securities - at amortized cost

The Modaraba had made investment in 28,000,000 non-voting cumulative preference shares of PGP Consortium Limited carrying dividend at the rate of 6 Month Kibor + 5.5% per annum. The net asset value of the investment per share is Rs. 10/-, which had been calculated with reference to the net assets of the PGP Consortium Limited on the basis of audited financial statements for the year ended June 30, 2021 audited by A.F. Ferguson & Company Chartered Accountants. During the year, 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.

	2023 Rupees	2022 Rupees
PGP Consortium Limited	-	280,000,000
Unamortized transaction cost	-	1,832,631
	<u>-</u>	<u>281,832,631</u>

	Rating	Face value / share	Effective rate
PGP Consortium Limited - preference shares	<u>BBB</u>	<u>10</u>	<u>9.15% - 13.14%</u>

7.2 Investment in equity instruments - at Fair value through OCI

This represents the investment made with the intention of establishing or maintaining a long-term ownership 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 had been calculated with reference to the 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 Chaudhury & Company Chartered Accountants.

The Modaraba holds 47,032,467 (2022: 33,322,492) fully paid ordinary shares of Rs. 10 each which represents 26.20% (2022: 18.55%) of the total paid-up capital of the investee. During the year, the Modaraba had acquired 26.20% of the share capital of the said company and accordingly the investment previously classified as fair value through OCI has been reclassified to investment in associate with immediate effect after the said acquisition. At that date, the fair value reserves of the previously classified investment has been recycled to retained earnings through the statement of changes in equity. After such reclassification, the investment is measured at cost which is the fair value at the date of reclassification and subsequently measured under the equity method as per the applicable financial reporting framework.

	Note	2023 Rupees	Restated 2022 Rupees
LSE Financial Services Limited		888,919,369	388,172,285
Fair value reserve		-	259,616,959
Reclassification adjustment		-	-
		<u>888,919,369</u>	<u>647,789,244</u>

The movement in this head of account is as follows:

Balance as at July 01,	647,789,244	-
Add: Investment made during the year	241,130,125	388,172,285
Add: Fair value reserve	-	259,616,959
Less: Reclassification adjustment	(888,919,369)	-
Balance as at June 30,	<u>-</u>	<u>647,789,244</u>

During the year, management of Messrs. LSE Financial Services Limited has decided to demerge the company with/into LSE Ventures Limited and LSE Proptech Limited which were previously the subsidiaries of the company. As per the scheme of demerger, all the net assets of the company related to property business are to be transferred to LSE Proptech Limited while all the investments in listed securities and other companies are to be transferred to LSE Ventures Limited after the approval from the Honourable High Court. Under the scheme, all the shares previously held by LSEFSL of both of its subsidiaries were stand cancelled and all the shareholders of the LSEFSL will be given shares of LSE Ventures Limited and LSE Proptech Limited. Upon demerger of LSEFSL, it will become a shell unlisted company and dissolve with the order of Honourable Lahore High Court. After the sanctioned order from the Honourable High Court, Lahore for the demerger of LSE Financial Services Limited with/into LSE Ventures Limited and LSE Proptech Limited on April 26, 2023, the statement of financial position of the said transferee companies were drawn up to include the effects of demerger scheme. After demerger, the investment in LSEFSL by the Modaraba is allocated to both the transferee companies on the basis of shares received in both of them on pro-rata basis based on the audited financial statements for the period ended April 26, 2023.

7.3 LSE Proptech Limited - Quoted

Movement during the period in investment in associate

Investment in LSE Proptech Limited on demerger of LSEFSL		315,731,785	-
Add: Gain on bargain purchase on acquisition of investment	28	16,984,710	-
Less: Share of loss after tax from associated company	27	(4,339,185)	-
Less: Share of other comprehensive loss after tax from associate	33	(5,877,464)	-
		6,768,061	-
Balance as at June 30,		322,499,846	-
Number of shares of Rs. 10 each		16,469,434	-
Percentage of holding in LSE Proptech Limited		18.38%	-

7.4 LSE Ventures Limited - Quoted

Movement during the period in investment in associate

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		50,985,304	-
Less: Share of other comprehensive loss after tax from associate		(15,098,380)	-
		66,721,401	-
Balance as at June 30,		639,908,985	-
Number of shares of Rs. 10 each		46,967,585	-
Percentage of holding in LSE Proptech Limited		26.15%	-

7.5 Ensmile Limited - Unquoted

Movement during the period in investment in associate

Investment acquired from Metatech Health Limited		289,396,637	-
Add: Share of profit after tax from associated company		13,801,318	-
Less: Dividend Income received during the year		(5,882,353)	-
		7,918,965	-
Balance as at June 30,		297,315,602	-
Number of shares of Rs. 10 each		5,050,000	-
Percentage of holding in Ensmile (Private) Limited		33.33%	-

During the year, the Modaraba had acquired 33.33% of the share capital of the above named associated company representing 5,050,000 shares from Metatech Health Limited that were earlier purchased by the said company @ Rs. 59.41 per share. On March 24, 2023, the management of Messrs. Metatech Health Limited has decided to transfer this investment to the Modaraba on the transfer of its entire business portfolio of Ensmile Digital Dental Studios as disclosed in note 1.2 of these financial statements. The Company had adopted equity method for accounting its investment in associate until the date of transfer of investment to Modaraba. The Modaraba has recognized its investment in Ensmile Limited at the value of investment that was appearing in the books of Metatech Health Limited at the transfer date.

Ensmile was established in December, 2019 and manufactures Clear Aligners, a dental product, which are transparent plastic braces worn over the teeth as an alternative to the conventional metal braces and one of the leading teeth straightening manufacturers. These aligners are manufactured with 3D printers in Pakistan as per computer generated customized designs for individual patients taken at any part of the world.

The Modaraba has recognized its share of profit after tax from above named associate on the basis of its unaudited financial statements for the period ended from April 01, 2023 to June 30, 2023, which is the date for which the Modaraba held investment in the said associated company.

7.6 Metatech Health Limited - Quoted

During the year, the Modaraba has acquired 489,900 shares of MetaTech Health Limited @ Rs. 51.03 amounting to Rs. 25 million 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 held 489,900 (2022: Nil) fully paid ordinary shares of Rs. 10 each which represents 29.99% of the total paid-up capital of the investee. However, the management of the Modaraba has decided to divest the shares of Metatech Health Limited on March 10, 2023 and accordingly had sold its entire shareholding on May 26, 2023 at a loss of Rs. 12.437 million on investment.

8. DIMINISHING MUSHARAKA	Note	2023 Rupees	2022 Rupees
Musharaka finance		227,069	572,498
Less: Current portion of diminishing musharaka		<u>(227,069)</u>	<u>(455,176)</u>
Long term portion of diminishing musharaka		<u>-</u>	<u>117,322</u>

9. TAX REFUNDS DUE FROM GOVERNMENT

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 as the amount of refundable tax is supported by the underlying record for the relevant tax years as also appearing in the income tax returns of the relevant tax years filed with the FBR.

10. IJARAH FINANCE	Note	2023 Rupees	2022 Rupees
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		<u>3,755,007</u>	<u>3,755,007</u>
Total receivable		<u>44,235,946</u>	<u>44,235,946</u>
Suspended lease income		<u>(7,491,364)</u>	<u>(7,491,364)</u>
Provision for impairment against potential Ijarah losses	10.1 & 35	<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	Note	2023 Rupees	2022
Considered good			
Advances			
- against purchase of shares	11.1	-	131,935,312
- to employees against salary - secured		-	50,000
- to broker		-	60,976
		-	132,046,288
Receivable from corporate entities - associated companies	11.3	15,751,858	104,355,468
Dividend income receivable	11.4	-	10,724,261
Defined benefit plan - staff gratuity	11.5	1,268,785	1,141,614
Prepayments		381,279	635,235
Others		255,770	841,745
		17,657,692	117,698,323
		17,657,692	249,744,611

11.1 This represented the advance paid for purchase of shares of LSE Financial Services Limited and MetaTech Health Limited amounting to Rs. 106.94 million and Rs. 25.00 million respectively. During the year, this advance has been adjusted as the shares of these companies have been transferred in the name of the Modaraba after approval from the Securities and Exchange Commission of Pakistan.

11.2 In line with the changed focus of Modaraba from Islamic financing activities to the revival of shell listed companies, the Modaraba has acquired 29.99% of the share capital of Messrs. Metatech Health Limited for a total purchase consideration of Rs. 25 million. In addition to this, the Modaraba has also borne expenses for the revival of the said company to the tune of Rs. 27.504 million in addition to the financial obligations of the company towards its ex-sponsors.

11.3 As previously reported, the Modaraba had changed its focus 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 balance represents expenses incurred on behalf of the following shell listed companies which is receivable from them at the reporting date.

Associated companies

Unlisted company

<i>Ensmile Limited</i>	11.3.1	2,625,930	-
<i>Digital Custodian Company Limited</i>		13,125,928	-

Listed shell companies

<i>Metatech Health Limited</i>	11.3.3	-	82,495,876
<i>Oil Boy Energy Limited</i>		-	21,859,592
		15,751,858	104,355,468

11.3.1 This represents amounts receivable from the above named related party in consideration for the transfer of net assets of the business of Ensmile Digital Dental Studios as disclosed in note 1.2 of these financial statements. This balance is within the age bracket of one month. Moreover, the said party has a historical proven track of profitability with sound financial footing as evident from its latest available audited financial statements for the year ended June 30, 2023, therefore, no provision under the expected credit loss is required in respect of the balance receivable from it at the reporting date.

11.3.2 This represents amounts receivable from above named related party on account of tax withheld in the name of said party for holding the custody of securities of Ghani Chemical Industries Limited for trading in the name of the Modaraba as a trustee as disclosed in note 12.3 of these financial statements. This balance is recoverable from the said party in due course of time.

11.3.3 These balances have been recovered in full during the year from the above named related parties. The Modaraba has not recognized any profit on the outstanding amount of advance extended to the said parties in view of their dormant status as these are in phase of their revival.

11.4 This represented dividend income on PGP preference shares receivable semi annually which have been received during the ye.

11.5 Defined benefit asset - staff gratuity	Note	2023 Rupees	2022 Rupees
11.5.1 Present value of defined benefit obligation and assets of the fund			
Present value of defined benefit obligation		-	66,444
Fair value of plan assets		(1,268,785)	(1,208,058)
Net defined benefit asset recognized in the balance sheet		(1,268,785)	(1,141,614)

	Note	2023 Rupees	2022 Rupees
11.5.2	Movement in net defined benefit asset during the year		
Opening net defined benefit asset		(1,141,614)	(1,333,640)
Income recognized in profit and loss account	11.5.3	(27,688)	(10,582)
Contributions made during the year		(7,938)	(231,411)
Remeasurement loss recognized in other comprehensive income	11.5.6	(91,365)	434,019
Closing net defined benefit asset		<u>(1,268,605)</u>	<u>(1,141,614)</u>

11.5.3 Amount charged to the profit and loss account

Following amounts have been charged to the profit and loss account during the current year in respect of this scheme:

Current service cost	11.5.4	114,272	116,576
Return expense	11.5.4	16,081	150,574
Return on plan assets	11.5.5	(158,221)	(277,732)
		<u>(27,868)</u>	<u>(10,582)</u>
Actuarial return on plan assets	11.5.6	<u>46,202</u>	<u>46,202</u>

11.5.4 Movement in present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year		66,444	1,456,817
Current service cost		114,272	116,576
Return expense		16,081	150,574
Benefits paid		-	(1,860,012)
Remeasurement (gain) / loss for the year		(196,797)	202,489
Present value of defined benefit obligation at end of the year		<u>-</u>	<u>66,444</u>

11.5.5 Movement in the fair value of plan asset

Fair value of plan assets at beginning of the year		1,208,058	2,790,457
Return on plan assets		158,221	277,732
Contributions		7,938	231,411
Benefit paid		-	(1,860,012)
Remeasurement loss for the year		(105,432)	(231,530)
Fair value of plan assets at end of the year		<u>1,268,785</u>	<u>1,208,058</u>

11.5.6 Re-measurements recognized in other comprehensive income

Re-measurement: Actuarial (gain) / loss on obligation			
Due to change in financial assumptions		-	960
Due to change in experience		(196,797)	201,529
		(196,797)	202,489
Re-measurement: Actuarial gain on plan assets			
Actuarial return on plan assets		(52,789)	(46,202)
Return on plan assets		158,221	277,732
		105,432	231,530
Re-measurement (gain) / loss recognized in other comprehensive income		<u>(91,365)</u>	<u>434,019</u>

11.5.7 Composition of plan assets

Debt instruments		826,243	445,212
Bank deposits		442,542	762,846
		<u>1,268,785</u>	<u>1,208,058</u>

11.5.8 During the year, the Modaraba has transferred all its employees to its associated company namely; Messrs. Ensmile

11.5.9 Actuarial assumptions

The principal assumptions used in the actuarial valuation carried out as of June 30, 2023, using the 'Projected Unit Credit' method, are as follows:

	<u>2023</u>	<u>2022</u>
Expected rate of increase in salary	15.75% per annum	13.25% per annum
Discount rate used to determine the actuarial present value obligation	15.75% per annum	13.25% per annum
Expected rate of return on plan assets	15.75% per annum	13.25% per annum
Expected mortality rate	SLIC (2001-05) with 1 year set back	SLIC (2001-05) with 1 year set back
Expected withdrawal rate	Light	Light

Expected income in respect of gratuity scheme in the next financial year on the advice of actuary is Rs. 199,834.

11.5.10 Actuarial Risk

The scheme exposes the Modaraba to the following actuarial risks:

Salary risk

This includes the risk that final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

This includes the risk that the actual mortality / withdrawal experience is different than assumed. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risk

This includes the risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of the trustees of the fund.

In case of the funded plans, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the defined benefit plan. The Modaraba actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the defined benefit plan obligations. The Modaraba has not changed the process used to manage its risks from previous years. Investments are well diversified. A large portion of the plan assets in the current year consists of investment in debt instruments with high yield and in bank deposits.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed profit investments is based on gross redemption yield as at the balance sheet date.

11.5.11 Sensitivity analysis

The calculation of defined benefit asset is sensitive to assumptions set out above. The following table summarizes how the defined benefit asset at the reporting date would have increased / (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation Effect of 1%	
	Increase Rupees	Decrease Rupees
Discount rate	-	-
Expected rate of increase in salaries	-	-

The sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the liability for gratuity recognized within the balance sheet. Since, the Modaraba had transferred all the employees to its associated company, therefore there is no provision for benefit obligation at the year end and accordingly no sensitivity analysis of the obligation is applicable in the instant case.

The weighted average number of years of defined benefit asset as at June 30, 2023 is 10.52 (2022: 10.52 years).

The undiscounted projected benefit payments from gratuity fund are as follows:

	Rupees
For the year 2023	-
For the year 2024	-
For the year 2025	-
For the year 2026	-
For the year 2027	-
For the year 2028-32	-

11.5.12 Historical information (in respect of the gratuity scheme)

	2023	2022	2021	2020	2019
	----- Rupees -----				
Defined benefit obligation	-	66,444	1,456,817	1,774,139	1,558,945
Fair value of plan assets	<u>(1,268,785)</u>	<u>(1,208,058)</u>	<u>(2,790,457)</u>	<u>(3,058,493)</u>	<u>(2,951,720)</u>
Surplus	<u>(1,268,785)</u>	<u>(1,141,614)</u>	<u>(1,333,640)</u>	<u>(1,284,354)</u>	<u>(1,392,775)</u>
Remeasurements of plan liabilities	<u>(196,797)</u>	<u>202,489</u>	<u>(196,432)</u>	<u>(114,097)</u>	<u>100,635</u>
Remeasurements of plan assets	<u>(105,432)</u>	<u>(231,530)</u>	<u>(203,360)</u>	<u>(313,299)</u>	<u>(363,289)</u>

12. INVESTMENTS	Note	2023 Rupees	2022 Rupees
At fair value through profit and loss			
Investments in listed equity securities	12.1	<u>153,581,521</u>	<u>13,124,176</u>

12.1 Investment in listed equity securities

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

	June 30, 2023				June 30, 2022			
	Number of shares	Cost	Fair value	Unrealized loss	Number of shares	Cost	Fair value	Unrealized gain
		----- Rupees -----				----- Rupees -----		
Gem board transport								
Universal Network Transport System	267,895	17,413,175	16,609,495	3,485,319	267,895	17,413,175	13,124,176	(4,288,999)
Food & personal care products								
Ghani Chemical Limited- Class B	14,509,749	145,097,490	136,972,031	(8,125,459)	-	-	-	-
Balance as at June 30,		<u>162,510,665</u>	<u>153,581,526</u>	<u>(4,640,140)</u>		<u>17,413,175</u>	<u>13,124,176</u>	<u>(4,288,999)</u>

12.2 Fair value of listed equity securities represents market value prevailing on June 30, 2023 and 2022.

12.3 During the year, the Modaraba had entered into agreement with Messrs. G3 Technologies Limited and Messrs. Ghani Chemicals Industries Limited for the purchase of cross-shareholdings of both the companies in each other at a purchase consideration of Rs. 502.646 million. As per the duly executed term sheet mutually agreed between the parties, Messrs. G3 Technologies Limited is being merged with/into Messrs. Ghani Chemicals Industries Limited after selling its entire holdings in the latter company to the Modaraba.

Under the scheme executed on August 31, 2022, Modaraba intends to purchase the securities from their respective sellers at a purchase consideration and terms as mentioned

Name of the seller	Name of securities	Number of shares	Price per share	Amount - Rupees
G3 Technologies Limited	GCIL	16,835,205	20	336,704,094
Ghani Chemicals Industries Limited	GTECH	16,511,628	10.05	165,941,862
				<u>502,645,956</u>

Other important terms and conditions of the term sheet as executed between the parties is as under:

- Messrs. G3 Technologies Limited is being merged (as a transferor) with and into Ghani Chemical Industries Limited (as a transferee) under the Scheme of Arrangement under Section 279 to 283 of the Companies Act, 2017.
- Messrs. G3 Technologies Limited will be dissolved once the Scheme of Arrangement is approved by the honorable Lahore High Court and with the order of the Board of Directors of G3 Technologies Limited.
- Modaraba and both the sellers have agreed to appoint Messrs. Digital Custodian Company Limited, an associated company of the Modaraba as trustee to the transaction at the agreed terms and conditions mentioned in the term sheet.
- The trustee will ensure the following activities:
 - Hold the shares of GTECH and GCIL on Trust on behalf of the Modaraba.
 - Dispose of the shares of GTECH and GCIL in the market (through CDC and PSX) and shall make the payments to both the seller companies on behalf and on instructions of the Modaraba.
 - Total payment shall be made within one year by the Modaraba which may only be extended after the consent of all the parties i.e. Modaraba and seller companies.
 - If Scheme of Arrangement is sanctioned by the Honorable Lahore High Court in the interim payment period, payment shall be made to the surviving entity i.e. Ghani Chemical Industries limited.
 - Trustee gives the guarantee of the payment by the Modaraba to both the companies (and in case of merger sanctioned by the Honorable Court, to the Ghani Chemical Industries Limited).
 - All charges including withholding taxes (advance income tax) borne by the Trustee shall be accrued to the Modaraba.

	Note	2022 Rupees	2022 Rupees
13. CASH AND BANK BALANCES			
Balances with banks in:			
- profit and loss sharing accounts	13.2	1,255,038	15,702,098
- current accounts		16,318,862	4,070,991
		17,573,900	19,773,089
Balances with State Bank of Pakistan		4,912	4,912
		17,578,812	19,778,001

13.1 As decided by the Board of Directors of Messrs. Metatech Health Limited and as approved by its members in their EOGM held on March 24, 2023, the bank accounts of the company being maintained / operated in its name had been transferred to Modaraba Al Mali with immediate effect after the date of transfer of its business portfolio to the Modaraba as disclosed in note 1.2 of these financial statements. Accordingly, all the transactions in these bank accounts after the date of assignment are now vested to Modaraba and have been accordingly incorporated in these financial statements.

13.2 These carry profit rates ranging from 10% to 13% (2022: 1.95% to 8.68%) per annum.

14. ASSETS HELD FOR SALE

Assets and liabilities of disposal group held for sale

Disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Disposal groups, are generally measured at the lower of their carrying amount and fair values less cost to sell except for investment property, which is measured at fair value. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, employee benefits assets or investment property, which continue to be measured in accordance with the Modaraba's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gain and losses on remeasurement are recognized in profit or loss.

In October 2021, management committed to a plan to dispose off investment property (leasehold office premises) located at 10th Floor, Progressive Square Plaza, Shahrah e Faisal, Karachi. Accordingly, that asset was previously presented as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations. Modaraba had entered into multiple sale agreements to sell the property for a total consideration of Rs. 104.697 million, of which Rs. 102.466 million were actually realized and a sale transaction was materialized on September 06, 2022.

The disposal group was stated at the lower of carrying amounts and fair value less cost to sell and comprised of the following assets and liabilities:

	Note	2023 Rupees	Restated 2022 Rupees
Asset held for sale			
Balance as at July 01,		96,616,000	-
Add: Non-current assets classified as held for sale			
Investment property	14.1	-	96,616,000
Property and equipment	14.2	2,113,833	-
		98,729,833	96,616,000
Less: Sold during the year		(98,729,833)	-
Balance as at June 30,		-	96,616,000
Liabilities directly associated with asset held for sale			
Balance as at July 01,		74,601,589	-
Proceed against disposal of investment property		27,864,238	74,601,589
Less: Liability adjusted / proceeds realized during the year		(102,465,827)	-
Balance as at June 30,		-	74,601,589

14.1 Investment property

The fair value of investment property after initial recognition / transfer is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.

The leasehold office premises were valued by an independent and qualified valuer Harvester Services (Private) Limited, as at June 30, 2021 on the basis of professional assessment of the market values. Forced sale value of the investment property was assessed at Rs. 82.12 million.

14.2 Property and equipment

On February 25, 2023, the Modaraba had sold out office premises to a third party and handed over the possession of the property after receiving all the tranches of sale consideration as per the terms of duly executed agreement. After the firm commitment of management of the Modaraba to sale the office premises, the same were classified as held for sale and no depreciation was charged after such reclassification. The gain on disposal of these assets is credited to profit and loss account.

14.3 The following amounts of gain on disposal of assets held for sale are credited to profit and loss account:

	Investment property	Property and equipment
Sale proceeds	102,465,827	2,500,000
Less: carrying value	(96,616,000)	(2,113,833)
Gain on disposal	<u>5,849,827</u>	<u>386,167</u>

15. DEFERRED TAX LIABILITIES

Taxable temporary differences

	2023 Rupees	Restated 2022 Rupees
Property and equipment	450,907	-
Defined benefit plan - staff gratuity	1,268,785	953,919
Long-term investments	<u>330,401,523</u>	<u>261,449,590</u>
	<u>332,121,215</u>	<u>262,403,509</u>

Deductible temporary differences

Investments	(8,929,139)	(4,288,999)
Property and equipment	-	(207,436)
	<u>(8,929,139)</u>	<u>(4,496,435)</u>
	<u>323,192,076</u>	<u>257,907,074</u>

15.1 The details of the tax effect of taxable and deductible temporary differences are as follows:

	2023			
	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Closing balance
Deferred Tax Liabilities	-----Rupees-----			
Property and equipment	(60,156)	190,919	-	130,763
Defined benefit plan - staff gratuity	276,637	64,815	26,496	367,948
Long-term investments	75,820,381	13,232,598	(39,492,751)	49,560,228
Deferred Tax Assets				
Investments	(643,350)	(696,021)	-	(1,339,371)
	<u>75,393,512</u>	<u>12,792,311</u>	<u>(39,466,255)</u>	<u>48,719,568</u>

15.2 The Modaraba has carried forward taxable losses of Rs. 116.249 million (2022: Rs. 49.940 million) at the reporting date. However, deferred tax assets amounting to Rs. 33.712 million (2022: Rs. 14.482 million) in respect of unused tax losses has not been recognized in these 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.

16. SHORT TERM FINANCE FROM RELATED PARTIES

Musharaka finance

Universal Network Systems Limited	16.1	-	60,000,000
Digital Custodian Company Limited - associated company	16.2	50,000,000	

Short term finance

LSE Capital Limited - Modaraba Management Company	16.3	3,854,366	-
		<u>53,854,366</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 for a tenor of 89 days to meet its working capital requirements. It was unsecured and 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 (2022: Nil) for a tenor of 276 days to meet its working capital requirements. It is unsecured and carries profit rate @ 6 months Kibor + 2% per annum. This facility along with profit will be paid off in full on maturity.

16.3 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.

17. CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2023 Rupees	2022 Rupees
Management fee payable			
LSE Capital Limited	17.1	12,299,540	9,529,655
Accrued liabilities	17.2	2,759,037	5,090,552
Payable to provincial government		1,247,338	1,247,338
Payable to Ghani Chemical Industries Limited	17.3	205,945,836	-
Profit payable on musharaka certificate	17.4	6,811,644	435,419
Payable to gratuity fund		231,411	231,411
Payable to management company		-	432,384
Ijarah rental received in advance		29,381	123,246
Charity and donation		68,612	67,022
Others	17.5	6,643,766	5,569,578
		<u>236,036,565</u>	<u>22,726,605</u>

17.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. For the purposes of determination of net profits of the Modaraba for computation of management fee, these are considered pre-tax.

17.2 These include Rs. 1.934 million (2022: Nil) on account of consultancy / agency fee payable to Mr. Danish Elahi, a substantial certificate holder holding 31.71% (2022: 22.03%) of the certificate capital of the Modaraba, for his services to the Modaraba as an investment agent in the acquisition of investment in PGP shares amounting to Rs. 280 million.

17.3 This represents the balance payable to the above named surviving seller company by the Modaraba for the purchase of shares as per the duly executed term sheet as disclosed in note 12.3 of these financial statements.

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

17.5 These include Rs. 1.586 million (2022: Nil) payable to Messrs. Ensmile Limited, an associated company on account of dental aligners purchased from the said company during the year. In addition to this, these also include Rs. 0.470 million (2022: Nil) payable to Messrs. Metatech Health Limited as consideration for the purchase of Ensmile business portfolio as disclosed in note 1.2 of these financial statements.

18. SECURITY DEPOSITS - Ijarah finance	Note	2023 Rupees	2022 Rupees
Security deposits	18.1	3,762,138	3,797,138
Less: Current portion of security deposits		(3,762,138)	(3,797,138)
Long term portion of security deposits		<u><u>-</u></u>	<u><u>-</u></u>

18.1 These represent amounts received under Ijarah Finance as security deposits, which were stated to be repayable / adjustable on the expiry of the Ijarah period. However, due to default by the counterparties in making payments due under the Ijarah finance facility these are now adjustable at the time of settlement with them and are accordingly been shown under current liabilities.

19. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

	2023 Number of certificates	2022 Rupees	2023 Rupees	2022 Rupees
Modaraba Certificates of Rs. 10 each	<u>92,000,000</u>	<u>80,000,000</u>	<u>920,000,000</u>	<u>800,000,000</u>

19.1 During the year, the Board of Directors of the Modaraba in their meeting held on March 29, 2023 have decided to increase the authorized certificate capital of the Modaraba from 800 million to Rs. 920 million.

	2023 Number of certificates	2022 Rupees	2023 Rupees	2022 Rupees
<u>Issued, subscribed and paid-up certificate capital</u>				
Modaraba Certificates of Rs. 10 each fully paid in cash	13,569,000	13,569,000	135,690,000	135,690,000
Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	4,688,400	4,688,400	46,884,000	46,884,000
Modaraba Certificates of Rs. 10 each issued on merger	166,545	166,545	1,665,450	1,665,450
Modaraba Certificates of Rs. 10 each as fully paid right issue	<u>61,000,000</u>	<u>61,000,000</u>	<u>610,000,000</u>	<u>610,000,000</u>
	<u>79,423,945</u>	<u>79,423,945</u>	<u>794,239,450</u>	<u>794,239,450</u>

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

<u>Name of the associate</u>	<u>Relationship</u>	<u>%age of holding</u>	<u>Number of certificates held</u>	
LSE Capital Limited (formerly Assetplex Limited)	Modaraba Management company	11.46%	9,103,703	14,746,591
Digital Custodian Company Limited	Associated company of the management	10.00%	7,943,905	7,943,905
Danish Elahi	Substantial certificate holder	31.71%	25,188,000	17,500,000
Mr. Aftab Ahmad Chaudhary	Director of associated company	7.27%	5,776,440	-
Mr. Usman Hassan	Director / Chairman	0.0027%	2,155	-
			<u>48,014,203</u>	<u>40,190,496</u>

20 CERTIFICATE SUBSCRIPTION MONEY

During the year, the Board of Directors of the Modaraba in their meeting held on March 29, 2023 have decided to issue right Modaraba certificates @ 14.34% of the existing certificate capital comprising 11,392,970 certificates of Rs. 10 each amounting to Rs. 113,929,700 as per the provisions of Section 83 of the Companies Act, 2017. Towards this endeavor, an amount of Rs. 13.059 million has been received until the reporting date. On July 11, 2023, the modaraba certificates have been issued in full against the right offer made by the Board of Directors after complying with all the legal and regulatory formalities in this regard.

21. CAPITAL RESERVES

Capital reserves include statutory reserve which represents profits set aside to comply with the Modaraba Regulations, 2021 issued by the SECP. These regulations require a Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal to the amount of the paid-up certificate capital. Thereafter, a sum not less than 5% and not more than 20% of the profit after taxation is to be transferred.

During the year, the Modaraba has transferred an amount of Rs. Nil (2022: Rs. 7,678,312) which represents Nil (2022: 20%) of the profit after taxation.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

There were no contingencies as at June 30, 2023 (2022: Nil).

22.2 Commitments

There were no commitments outstanding as at June 30, 2023 (2022: Nil).

	2023 Rupees	2022 Rupees
23. DIVIDEND INCOME		
On investment in LSE Financial Services Limited shares	-	28,982,291
On PGP Consortium Limited preference shares	8,065,963	10,256,892
On other listed securities	-	1,500,000
	<u>8,065,963</u>	<u>40,739,183</u>
24. INCOME FROM DEPOSITS WITH ISLAMIC BANKS		
Income on profit and loss sharing accounts	<u>1,122,809</u>	<u>3,107,264</u>
25. FAIR VALUE CHANGE ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Realized gain on disposal of securities	21,090,069	21,558,139
Realized loss on disposal of securities	(25,810,298)	-
Unrealized loss on re-measurement of securities	<u>(4,640,140)</u>	<u>(4,288,999)</u>
	<u>(9,360,369)</u>	<u>17,269,140</u>

26. ADMINISTRATIVE AND OPERATING EXPENSES	Note	2023 Rupees	2022 Rupees
Salaries, allowances and other benefits	26.1	6,330,600	3,486,476
Rent, rates and taxes		1,317,124	1,817,023
Depreciation		388,961	55,774
Fuel and conveyance		365,714	207,835
Repairs and maintenance		1,104,036	906,984
Legal and professional	26.2	23,829,749	11,453,324
Electricity		-	146,505
Telephone		127,913	159,798
Travelling		264,494	235,000
Entertainment		102,553	117,398
Takaful expense		44,621	130,549
Printing and stationery		898,823	511,900
Auditor's remuneration	26.3	825,000	2,881,681
Fee and subscription		3,884,155	533,580
Registrar services		387,400	488,265
Postage		137,102	135,605
Advertisement		528,755	263,331
Prepayments written off		101,500	-
Others		746,806	595,132
		<u>41,385,306</u>	<u>24,126,160</u>

26.1 The aggregate amount charged in the financial statements for remuneration, including all benefits to the executive staff and other employees of the Modaraba are as follows:

	Note	2023		
		Officers (key management personnel)	Other employees	Total
		----- Rupees -----		
Salaries		2,134,247	1,101,713	3,235,960
Retirement benefits - gratuity	11.5.3	27,868	-	27,868
Defined contribution plan - provident fund		214,325	-	214,325
House rent allowance		964,461	495,771	1,460,232
Conveyance and other allowances		1,011,387	380,828	1,392,215
		<u>4,352,288</u>	<u>1,978,312</u>	<u>6,330,600</u>
Number of employees at the end of year		<u>1</u>	<u>4</u>	<u>5</u>
		----- Rupees -----		
		2022		
		Officers (key management personnel)	Other employees	Total
Salaries		909,102	1,022,494	1,931,596
Retirement benefits - gratuity	11.5.3	10,584	-	10,584
Defined contribution plan - provident fund		90,910	96,752	187,662
House rent allowance		409,096	464,884	873,980
Conveyance and other allowances		212,539	270,115	482,654
		<u>1,632,231</u>	<u>1,854,245</u>	<u>3,486,476</u>
Number of employees at the end of year		<u>1</u>	<u>4</u>	<u>5</u>

26.2 These include Rs. 20.000 million (2022: Nil) paid / payable to Mr. Danish Elahi, a substantial certificate-holder on account of advisory fee as per the duly executed agreement entered into with him in connection with the acquisition of investment in PGP shares.

		2023 Rupees	2022 Rupees
26.3 Auditor's remuneration			
Statutory audit		400,000	400,000
Review report on statement of compliance with the Code of Corporate Governance		50,000	50,000
Review of the half yearly financial information		200,000	115,000
Other advisory services		-	1,700,000
Other certifications		100,000	350,000
Out of pocket expenses		75,000	266,681
		<u>825,000</u>	<u>2,881,681</u>
27. SHARE OF PROFIT FROM ASSOCIATES			
Investments in listed equity instruments			
LSE Ventures Limited		50,985,304	-
LSE Proptech Limited		(4,339,185)	-
Metatech Health Limited		(22,215,427)	-
Investments in unlisted equity instruments			
Ensmile Limited		13,801,318	-
		<u>38,232,010</u>	<u>-</u>
28. GAIN ON BARGAIN PURCHASE OF INVESTMENT			
LSE Ventures Limited		30,834,477	-
LSE Proptech Limited		16,984,710	-
		<u>47,819,187</u>	<u>-</u>
29. PROVISION FOR WORKERS' WELFARE FUND			
This represents charge in respect of Workers' Welfare Fund recognized in line with the requirements of Punjab Workers' Welfare Fund Act, 2019.			
30. TAXATION	Note	2023 Rupees	Restated 2022 Rupees
Continuing operations			
Current tax			
- for the year		12,183,756	12,792,315
Deferred tax			
- for the year		12,792,311	230,459
		<u>24,976,067</u>	<u>13,022,774</u>
Discontinued operations			
Current tax			
- for the year		-	3,384,974
- prior year		-	182,049
		<u>-</u>	<u>3,567,023</u>
Deferred tax			
- for the year		-	-
		<u>-</u>	<u>3,567,023</u>
30.1	The Modaraba had suffered a taxable loss both for the current year as well as comparative period as disclosed in note 15.2 of these financial statements. Therefore, no provision for normal tax is applicable in the instant case. However, provision for alternative corporate tax is being provided for in these financial statements during the year whereas it was final tax regime in last year. As the Modaraba has recognized provision for taxation under alternative corporate tax regime during the year therefore, reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not applicable in the instant case.		
30.2	The income tax returns of the Modaraba have been filed up to the financial year ended June 30, 2022 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by taxation authorities.		

31. ANALYSIS OF PROFIT / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS

The combined results of the discontinued operations (i.e. dental aligners & investment property) included in the profit / loss for the year are set out below. The comparative profit / loss and cash flows have been re-presented to include those operations classified as discontinued in the current year. However, the business of dental aligners is acquired during the year from Messrs. Metatech Health Limited and there was no such business in the corresponding year which needs to be represented owing to the classification of this business as discontinued in the current year and accordingly disposed of. Nevertheless, the Modaraba had another discontinued operation i.e. fuel station in the corresponding period which had already been presented as discontinued in the last year.

Discontinued operations are a component of the Modaraba's business, the operations and cash flows of which can be clearly distinguished from the rest of the entity and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

31.1

Results of discontinued operations	Note	2023			Restated 2022
		Dental aligners	Investment property and property & equipment	Total	Fuel station
-----Rupees-----					
Income					
Revenue	31.2	1,866,447	-	1,866,447	288,957,752
Cost of sales		(1,586,460)	-	(1,586,460)	(280,993,866)
Rental income fuel station	31.3	-	-	-	1,621,000
		<u>279,987</u>	<u>-</u>	<u>279,987</u>	<u>9,584,886</u>
Gain on disposal of investment property	14.3	-	5,849,827	5,849,827	-
Gain on disposal of Ensmile business assets	1.2	1,753,505	-	1,753,505	-
Gain on disposal of property and equipment	14.3	-	386,167	386,167	-
Rental income from investment property	31.4	-	-	-	8,454,216
		<u>2,033,492</u>	<u>6,235,994</u>	<u>8,269,486</u>	<u>18,039,102</u>
Expenses					
Salaries and allowances		3,767,398	-	3,767,398	2,947,662
Generator fuel		-	-	-	203,799
Depreciation		411,587	-	411,587	144,831
Electricity		100,518	-	100,518	362,224
Repairs and maintenance		-	-	-	5,195,711
Printing and stationery		-	-	-	43,572
Security guards		-	-	-	541,700
Takaful expense		-	-	-	91,693
Telephone		-	-	-	23,387
Entertainment		-	-	-	60,788
Rent, rates & taxes		1,059,136	-	1,059,136	230,594
Business revival charges		2,319,683	-	2,319,683	-
Loss on Ensmile business portfolio	1.2	10,623,863	-	10,623,863	-
Commission and brokerage		-	3,050,321	3,050,321	-
Miscellaneous		35,140	-	35,140	2,077,644
		<u>(18,317,325)</u>	<u>(3,050,321)</u>	<u>(21,367,646)</u>	<u>(11,923,605)</u>
Results from operating activities		<u>(16,283,833)</u>	<u>3,185,673</u>	<u>(13,098,160)</u>	<u>6,115,497</u>
Taxation		-	-	-	(3,567,023)
Results from operating activities - net of tax		<u>(16,283,833)</u>	<u>3,185,673</u>	<u>(13,098,160)</u>	<u>2,548,474</u>
Gain on sale of a part of discontinued operation	6.1.2	-	-	-	52,329,436
Profit from discontinued operations - net of tax		<u>(16,283,833)</u>	<u>3,185,673</u>	<u>(13,098,160)</u>	<u>54,877,910</u>
Earnings per certificate - basic & diluted	32	<u>(0.21)</u>	<u>0.04</u>	<u>(0.17)</u>	<u>1.02</u>

- 31.2 Revenue relates to the business operations of dental aligners for the year. In the comparable period, the revenue was derived from the operations of petrol and diesel filling / service station which started from October 3, 2010 under a retailer agreement with an oil marketing company. In accordance with the agreement, the Company had granted the right to the Modaraba to operate the fuel station and deal exclusively in petroleum products of the Company on a predetermined margin. Income from sale of dental aligners and oil & lubricants was recognized when the product was delivered i.e. at point in time.
- 31.3 The amount represented rent earned in respect of the area of fuel station rented for tuck shop and car wash facility. Initial term of the rent agreement was for fifteen years.
- 31.4 This represented rental income earned from letting out vacant office premises (classified as investment property). This property had been sold out during the year.

31.5	Cashflows from discontinued operations	Note	2023 Rupees	2022 Rupees
	Net cash (used in) / generated from operating activities		(12,686,573)	17,244,323
	Net cash generated from investing activities		30,364,238	194,601,589
31.6	Effect of disposal on the financial position of the Modaraba			
	Property and equipment		(2,113,833)	(67,670,564)
	Investment property		(96,616,000)	-
	Inventory		-	(275,215)
	Advances and other receivables		-	(6,744,861)
	Liabilities directly associated with the asset held for sale		74,601,589	-
	Net assets		(24,128,244)	(74,690,640)
	Consideration received, satisfied in cash		104,965,827	127,020,076

32. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic earnings per certificate is worked out as under:

Continuing operations

Basic earnings per certificate is worked out as under:

Profit for the year after taxation (Rs.)		<u>9,429,620</u>	<u>11,184,831</u>
Weighted average number of ordinary certificates outstanding during the year	32.1	<u>79,423,945</u>	<u>53,648,532</u>
Earnings per certificate - basic & diluted (Rs.)	32.2	<u>0.12</u>	<u>0.21</u>
Discontinued operations			<i>Restated</i>
(Loss) / profit for the year after taxation (Rs.)		(13,098,160)	54,877,910
Weighted average number of ordinary certificates outstanding during the year	32.1	<u>79,423,945</u>	<u>53,648,532</u>
(Loss) / earnings per certificate - basic & diluted (Rs.)	32.2	<u>(0.17)</u>	<u>1.02</u>
32.1	Weighted-average number of ordinary shares (basic & diluted)		
	Issued ordinary shares at July 1	-	18,423,945
	Effect of right issue	-	35,224,587
	Weighted average number of ordinary shares at June 30	-	<u>53,648,532</u>

32.2 The figure for diluted earnings per certificate is the same as basic earnings per certificate as the Modaraba has not issued any instrument which would have an impact on basic earnings per certificate when exercised.

33. SHARE OF COMPREHENSIVE LOSS FROM ASSOCIATED COMPANIES

Investment in listed equity instruments

LSE Ventures Limited	15,098,380	-
LSE Proptech Limited	5,877,464	-
	<hr/>	<hr/>
	20,975,844	-

34. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2023					Total	
	Equity		Liabilities				
	Accumulated loss	Paid-up certificate capital	Certificate subscription money	Premium on issue of certificates	Unclaimed dividend	Musharaka finance	
Balance as at July 1, 2022 - Restated	(39,161,180)	794,239,450	-	-	10,358,639	60,000,000	825,436,909
<u>Changes from financing cash flows</u>							
Receipt against musharaka finance - related parties	-	-	-	-	-	53,854,366	53,854,366
Repayment of musharaka finance	-	-	-	-	-	(60,000,000)	(60,000,000)
Receipt of certificate subscription money	-	-	13,058,890	-	-	-	13,058,890
Total changes from financing cash flows	-	-	13,058,890	-	-	(6,145,634)	6,913,256
<u>Other changes</u>							
Total accumulated losses related other changes	265,773,507	-	-	-	-	-	265,773,507
Balance as at June 30, 2023	226,612,327	794,239,450	13,058,890	-	10,358,639	53,854,366	1,098,123,672
	2022					Total	
	Equity		Liabilities				
	Accumulated loss	Paid-up certificate capital	Certificate subscription money	Premium on issue of certificates	Unclaimed dividend	Musharaka finance	
Balance as at July 1, 2021	(55,283,857)	184,239,450	-	511,409	9,649,240	-	139,116,242
<u>Changes from financing cash flows</u>							
Profit distributed to certificate holders	-	-	-	-	(6,107,461)	-	(6,107,461)
Receipt against musharaka finance	-	-	-	-	-	60,000,000	60,000,000
Receipt of right issue subscription	-	610,000,000	-	-	-	-	610,000,000
Expenses incurred on issuance of right certificates	(35,136,739)	-	-	(511,409)	-	-	(35,648,148)
Total changes from financing cash flows	(35,136,739)	610,000,000	-	(511,409)	(6,107,461)	60,000,000	628,244,391
<u>Other changes</u>							
Dividend declared	(6,816,860)	-	-	-	6,816,860	-	-
Total accumulated losses related other changes	58,076,276	-	-	-	-	-	58,076,276
Balance as at June 30, 2022 - restated	(39,161,180)	794,239,450	-	-	10,358,639	60,000,000	825,436,909

37. NUMBER OF EMPLOYEES	2023	2022
37.1 Number of employees at June 30		
- Permanent	-	5
- Contractual	-	-
	<u>-</u>	<u>5</u>
37.2 Average number of employees during the year		
- Permanent	13	5
- Contractual	-	-
	<u>-</u>	<u>5</u>

During the year, the management of the Management company of the Modaraba has decided to transfer all the employees of the Modaraba including the employees taken over from Metatech Health Limited to various group companies since the Modaraba is no more pursuing the business of Islamic financing and has also transferred the business acquired from Metatech Health Limited to Messrs. Ensmile Limited. The Modaraba is solely relying on dividend from associates, profit on deposits, gain from sale of investments held for trading as income derived from its operations which is being managed by the management company of the Modaraba.

38. FINANCIAL INSTRUMENTS BY CATEGORY	2023	2022
	Rupees	Rupees
Financial assets as per balance sheet		
At amortized cost		
Investments in debt securities	-	281,832,631
Advances, deposits and other receivables	16,007,628	247,967,762
Bank balances	17,578,812	19,778,001
Diminishing Musharaka	227,069	572,498
Ijarah Finance	3,755,007	3,755,007
	<u>37,568,516</u>	<u>553,905,899</u>
At fair value through profit or loss		
Investments in equity securities	153,581,521	13,124,176
At fair value through OCI		
Investments in equity securities	-	647,789,244
	<u>191,150,037</u>	<u>1,214,819,319</u>
Financial liabilities as per balance sheet		
At amortized cost		
Creditors accrued and other liabilities	234,759,846	19,194,610
Musharaka finance	53,854,366	60,000,000
Security deposits	3,762,138	3,797,138
Unclaimed profit distribution	10,358,639	10,358,639
	<u>302,734,989</u>	<u>93,350,387</u>

38.1 Financial risk management

The Modaraba finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity.

The Modaraba has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

38.1.1 Risk management framework

The Board of Directors have the overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Board is also responsible for developing and monitoring the Modaraba's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Modaraba's activities. The Modaraba aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

38.2 Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

38.2.1 Price risk

The Modaraba has made significant investment in equity securities held for the long term for strategic purposes. Management is assisted by external advisers in this regard. Certain investments are designated as at FVTPL because their performance is actively monitored and they are managed on a fair value basis.

The Modaraba's policy is to manage price risk through diversification and selection of long-term interests in securities and other financial instruments within the specified limits approved by the Board.

Sensitivity analysis

The Modaraba's short term investments are listed on the Pakistan Stock Exchange classified at FVTPL. A 1 Rupee increase in share price at the reporting date would have decreased (2022: increased) the loss (2022: profit) before taxation by Rs. 14,777,644 (2022: Rs. 267,895) and vice versa. For sensitivity analysis on investments in equity instruments classified at FVOCI, please refer note 37.

38.2.2 Profit rate risk

The profit rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date, the profit rate risk profile of the Modaraba's profit bearing financial instruments is as follows:

	Effective rate		Carrying amount	
	2023	2021	2023	2023
	-----Percentage-----		-----Rupees-----	
Financial assets				
Profit bearing financial instruments				
Investment in debt securities - at amortized cost	9.15% - 13.14%	9.15% - 13.14%	-	281,832,631
Bank balances - profit and loss sharing accounts	10% to 13%	1.95% - 8.68%	17,578,812	19,778,001
			<u>17,578,812</u>	<u>301,610,632</u>
Financial liabilities				
Variable rate instruments				
Musharaka finance		18.92%	53,854,366	60,000,000
			<u>(36,275,554)</u>	<u>241,610,632</u>

Fair value sensitivity analysis for profit bearing financial instruments

The Modaraba does not hold any of the above financial assets at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	100 bps	
	Increase	Decrease
	------(Rupees)-----	
Effect on loss - June 30, 2023	<u>(362,756)</u>	<u>362,756</u>

38.2.3 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Modaraba is not exposed to foreign currency risks at the reporting date.

38.3 Credit risk

Credit risk is the risk of financial loss to the Modaraba if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Modaraba controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

	Note	2023 ------(Rupees)-----	2022
Investments in debt securities	38.3.1	-	281,832,631
Advances, deposits, and other receivables	38.3.2	16,007,628	247,967,762
Ijarah finance	38.3.3	3,755,007	3,755,007
Bank balances	38.3.4	17,578,812	19,778,001
Diminishing musharaka		227,069	572,498
		<u>37,568,516</u>	<u>553,905,899</u>

38.3.1 The Modaraba had held investment in preference shares of PGP Consortium Limited amounting to Rs. 281.833 million at 30 June 2022 which were rated BBB, based on JCR-VIS ratings. Modaraba had not recognized any impairment allowance in the last year on this investment, as the impact was immaterial. During the year, the Modaraba had disposed of this investment measured at amortized cost.

38.3.2 As previously reported, the Modaraba assessed as at the year ended that there was no risk of default against the advances given for purchase of shares amounting Rs. 131.935 million since, it was expected that these advances would be converted into shares. Although there was a risk that the transaction may have been disapproved by the Regulator and the entity may had to receive back the advance from the counter parties, but the risk was insignificant and did not result in any significant increase in credit risk for the Modaraba. Further, the Modaraba assessed that there was no risk of default against receivable from corporate entities amounting to 104.355 million. During the year, the Modaraba had acquired all the investments against the advances to brokers and all advances from corporate entities were fully recovered.

Accordingly, the Modaraba had not recognized any impairment allowance as there is no exposure of default from counterparties.

38.3.3 The Ijarah finance is secured against customers' security deposit.

38.3.4 Bank balances

The Modaraba held bank balances at the reporting date. These cash and cash equivalents are held with banks which are rated A to AAA+, based on PACRA ratings.

The Modaraba considers, its cash and cash equivalents have low credit risk based on the external ratings of the banks.

12 month probabilities of default are based on historical data supplied by VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Ratings		Rating Agency	2023 ------(Rupees)-----	2022
	Long term	Short term			
Bank Islami Pakistan Limited	A-1	A+	PACRA	3,876,655	17,905,239
Bank Alfalah Limited	A-1+	AA+	PACRA	175,524	921,014
Meezan Bank Limited	A-1+	AAA	VIS	57,542	55,953
JS Bank Limited	A-1+	AA-	PACRA	13,093,145	737,251
Faysal Bank Limited	A-1+	AA	PACRA	371,034	153,632
State Bank of Pakistan				4,912	4,912
				<u>17,578,812</u>	<u>19,778,001</u>

The Modaraba has not recognized an impairment allowance on bank balances during the year ended June 30, 2023, as the impact was immaterial coupled with the fact, that the counterparties are banks with sound financial footing and good credit ratings. Accordingly, the Modaraba is not exposed to credit risk at the reporting date.

38.4 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 year	1 - 5 years	More than 5 years	Total contractual cash flows	Carrying amount
June 30, 2023					
Creditors, accrued and other liabilities					
Musharaka finance	234,759,846	-	-	234,759,846	234,759,846
Security deposits	53,854,366	-	-	53,854,366	53,854,366
Unclaimed profit distribution	3,762,138	-	-	3,762,138	3,762,138
	10,358,639	-	-	10,358,639	10,358,639
	302,734,989	-	-	302,734,989	302,734,989
June 30, 2022					
Creditors, accrued and other liabilities					
Musharaka finance	19,194,610	-	-	19,194,610	19,194,610
Security deposits	60,000,000	-	-	60,000,000	60,000,000
Unclaimed profit distribution	3,797,138	-	-	3,797,138	3,797,138
	10,358,639	-	-	10,358,639	10,358,639
	93,350,387	-	-	93,350,387	93,350,387

	Carrying amount		Fair value						
	FVOCI	FVTPL	Financial assets at amortized cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
June 30, 2022									
Financial assets - measured at fair value									
Investments in equity securities	647,789,244	13,124,176	-	-	660,913,420	13,124,176	-	647,789,244	660,913,420
Financial assets - not measured at fair value									
Investments in debt securities			281,832,631						
Advances, deposits and other receivables			247,967,762		247,967,762				
Bank balances			19,778,001		19,778,001				
Diminishing Musharaka			572,498		572,498				
Ijarah Finance			3,755,007		3,755,007				
			553,905,899		932,986,688	13,124,176		647,789,244	660,913,420
Non - financial assets - measured at fair value									
Asset held for sale	-	96,616,000	-	-	96,616,000	-	96,616,000	-	96,616,000
Financial liabilities - not measured at fair value									
Creditors, accrued and other liabilities			19,194,610		19,194,610				
Musharaka finance			60,000,000		60,000,000				
Security deposits			3,797,138		3,797,138				
Unclaimed profit distribution			10,358,639		10,358,639				
			93,350,387		93,350,387				
Non financial liabilities - not measured at fair value									
Liabilities associated with assets held for sale	-	-	-	74,601,589	74,601,589	-	-	-	-

June 30, 2022

Financial assets - measured at fair value

Investments in equity securities

Financial assets - not measured at fair value

Investments in debt securities

Advances, deposits and other receivables

Bank balances

Diminishing Musharaka

Ijarah Finance

Non - financial assets - measured at fair value

Asset held for sale

Financial liabilities - not measured at fair value

Creditors, accrued and other liabilities

Musharaka finance

Security deposits

Unclaimed profit distribution

Non financial liabilities - not measured at fair value

Liabilities associated with assets held for sale

	Investment property	Investment in equity instruments
	-----Rupees-----	
39.1 Reconciliation of Level 3 fair values		
Balance as at July 1, 2021	96,616,000	-
Investment in equity instruments		388,172,285
Change in fair value - statement of profit and loss account	-	259,616,959
Balance as at June 30, 2022	<u>96,616,000</u>	<u>647,789,244</u>
Balance as at July 1, 2022	96,616,000	647,789,244
Investment property sold during the year	(96,616,000)	-
Investments in equity instruments reclassified / disposed of during the year	-	(647,789,244)
Balance as at June 30, 2023	<u>-</u>	<u>-</u>

Investment property is carried at revalued amounts (level 2 measurement) determined by professional valuers based on their assessment of the market values as disclosed in note 14.1 to these financial statements. The valuation experts used a market based approach to arrive at the fair value of the Modaraba's property. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties.

39.1.2 Sensitivity Analysis

The fair values of investments in equity securities, reasonably possible changes at the reporting date of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Impact on profit and loss	
	Increase	Decrease
	-----Rupees-----	
Adjustment in net assets by 1% - June 30, 2023	<u>147,776</u>	<u>(147,776)</u>

40 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Modaraba defines as operating income divided by capital employed. The Board of Directors also monitors the level of dividends to ordinary certificate holders.

The Modaraba's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for
- to provide an adequate return to certificate holders.

The Modaraba manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Modaraba may, for example, adjust the amount of dividends paid to certificate holders and issue new certificates.

For working capital requirement and capital expenditure, the Modaraba relies substantially on cash generated from operations. The Modaraba is not subject to externally imposed capital requirements.

41. OPERATING SEGMENTS

Management has determined the operating segments based on the information presented to the Chief Executive Officer of the Modaraba Management Company for allocation of resources and assessment of performance. Reporting structure of the Modaraba is based on this internal management reporting structure. The Modaraba had initially two strategic divisions i.e. financing / investments and fuel station, which are its reportable segments. These divisions had different operations and were managed separately because they require different strategies. However, the Modaraba had disposed one of its operating segment i.e. fuel station in the last year. The Modaraba had also started its new venture of managing Ensmile digital dental studios and transferred the same to Messrs. Ensmile Limited during the year as disclosed in note 1.2 of these financial statements. The Modaraba has now only one reportable segment i.e. financing / investment operations at the reporting date.

Reportable segments	Operations
Financing / Investments	Dividend income, trading of securities, diminishing musharaka and Investments
Discontinued operations	
Digital Dental Studios	Sale and purchase of dental aligners
Fuel station and investment property	Petrol and diesel filling / service station and rental income

41.1 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2023		
	Financing / Investments	Dental aligners / investment property (discontinued)	Total
	-----Rupees-----		
Segment income	84,789,896	8,269,486	93,059,382
Segment profit before tax	84,789,896	(13,098,160)	71,691,736
Musharaka finance cost	(9,215,725)	-	(9,215,725)
Depreciation	-	(411,587)	(411,587)
Segment assets			
Long-term investments	1,259,724,433	-	1,259,724,433
Diminishing musharaka	227,069	-	227,069
Ijarah finance	3,755,007	-	3,755,007
Advances	1,905,834	15,751,858	17,657,692
Investments	153,581,521	-	153,581,521
Segment liabilities			
Musharaka finance	53,854,366	-	53,854,366
Creditors, accrued and other liabilities	206,177,247	-	206,177,247
Profit payable on musharaka certificate	6,811,644	-	6,811,644
Security deposits	3,762,138	-	3,762,138
	2022		
	Financing / Investments	Fuel station / investment property (discontinued)	Total
	-----Rupees-----		
Segment income	58,215,137	18,039,102	76,254,239
Segment profit before tax	58,215,137	6,115,497	64,330,634
Musharaka finance cost	(435,419)	-	(435,419)
Depreciation	-	(144,831)	(144,831)
Segment assets			
Non-current assets held for sale	-	96,616,000	96,616,000
Long-term investments	929,621,875	-	929,621,875
Diminishing musharaka	572,498	-	572,498
Ijarah finance	3,755,007	-	3,755,007
Advances	247,015,041	-	247,015,041
Investments	13,124,176	-	13,124,176
Segment liabilities			
Liabilities directly associated with the asset held for sale		74,601,589	74,601,589
Musharaka finance	60,000,000	-	60,000,000
Security deposits	3,797,138	-	3,797,138
Profit payable on musharaka certificate	435,419	-	435,419

41.2 Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2023 Rupees	2022 Rupees
Income		
Total income for reportable segments	93,059,382	76,254,239
Income on profit and loss sharing accounts	1,122,809	3,107,264
Other income	-	90,793
Elimination of discontinued operation	<u>(8,269,486)</u>	<u>(18,039,102)</u>
Combined income	<u>85,912,705</u>	<u>61,413,194</u>
Profit before tax		
Segment results before tax	71,691,736	64,330,634
Elimination of discontinued operation	13,098,160	(6,115,497)
Unallocated amounts:		
- income on profit and loss sharing accounts	1,122,809	3,107,264
- other income	-	90,793
- Gain on disposal of property and equipment	(151,254)	-
- administrative expense	(41,385,306)	(24,126,160)
- management fee	(2,769,885)	(10,768,510)
- provision for Workers' Welfare Fund	(434,848)	(1,875,500)
- musharaka finance cost	<u>(9,215,725)</u>	<u>(435,419)</u>
Profit before tax from continuing operations	<u>31,955,687</u>	<u>24,207,605</u>
Assets		
Total assets for reportable segments	1,434,945,722	1,290,704,597
Other unallocated amounts	33,017,117	43,432,323
Combined total assets	<u>1,467,962,839</u>	<u>1,334,136,920</u>
Liabilities		
Total liabilities for reportable segments	270,605,395	138,834,146
Other unallocated amounts	82,125,881	108,043,337
Combined total liabilities	<u>352,731,276</u>	<u>246,877,483</u>

42. GENERAL

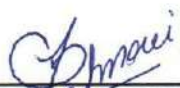
42.1 Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, no significant reclassifications have been made during the year except as disclosed in note 5 of these financial statements.

43. DATE OF AUTHORISATION

These financial statements were authorized for issue by the Board of Directors of the Modaraba Management Company on _____.

**LSE Capital Limited
(Modaraba Management Company)**



Chief Financial Officer



Chief Executive



Director



Director

