



## Directors' Review

Board of Directors of LSE Capital Limited, the Management Company of Modaraba Al-Mali (MODAM), is pleased present financial statements (limited reviewed by the statutory auditors) for the 1<sup>st</sup> half ending on December 31, 2023.

### Financial Results

	2023-2024 Rs. in 000'	2022-2023 Rs. in 000'
Net Revenue	437	(516)
Other Income	19,464	(13,657)
Net Profit	(17,460)	(40,535)
Profit/(Loss) per Certificate	(0.19)	(0.51)
Transfer to Statutory Reserve	Nil	Nil

### Operational Performance:

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.

Modaraba has made equity investment in the following companies:

- i. LSE Financial Ventures Limited
- ii. LSE Propotech Limited
- iii. Short term investments

### Financial & Business Plan

1. Merger of **MODAM** is underway with and into LSE Capital Limited (**LSECAP**) whereby complete transfer of business and undertaking shall be made from **MODAM** (as a Transferor) to **LSECAP** (as a Transferee);
2. Management of the Modaraba expects that operational and administrative synergies will be available if operations of **MODAM**, **LSEPL** (LSE Propotech Limited) and **LSECAP** are combined whereas, **LSEPL** has limited revenue sources mainly derived from short term rental income and facility management fee. Combining the operations of **LSEPL**, **MODAM** with **LSECAP** will diversify the income stream and also provide the operational synergies as a whole.
3. Upon the completion of merger / amalgamation through the intended Scheme, the **MODAM** and **LSEPL** will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the issuance of shares of **LSECAP** to the registered members/shareholders /certificate-holders of **MODAM** and **LSEPL** respectively.
4. Modaraba Certificate-holders of **MODAM** will get shares of **LSEFSL** (LSE Financial Services Limited) under the Scheme.

ISLAMABAD  
Lower Ground | ISE Towers  
Jinnah Avenue

LAHORE  
Office 505 | LSE Plaza  
Khayaban-e-Aiwan-e-Iqbal

KARACHI  
4<sup>th</sup> Floor | Perdesi House  
Old Queens Road



### **Payouts to the Certificate-holders of Modaraba Al-Mali under the Scheme**

No. of Modaraba Certificates Outstanding	<b>90,816,915</b>
SWAP RATIO i.e. No. of shares of LSE Capital Limited against ONE certificate of MODAM	<b>0.83</b>
No. of Shares of LSE Capital Limited to the Certificate-holders of Modaraba Al-Mali	<b>75,378,039</b>
No. of shares of LSE PropTech Limited that is to be distributed by Modaraba Al-Mali to its certificate-holders	<b>16,469,434</b>
SWAP RATIO i.e. no. of shares of LSE Capital Limited against ONE share of LSEPL	<b>0.83</b>
No. of Shares of LSE Capital Limited to the Certificate-holders of Modaraba Al-Mali	<b>13,669,630</b>
Total No. of Shares of LSE Capital Limited to the Certificate-holders of Modaraba Al-Mali	<b>89,047,669</b>
No. of Shares of LSE Financial Services Limited to the Certificate-holders of Modaraba Al-Mali	<b>5,905,842</b>
No. of Shares of LSEFSL against 1,000 certificates of MODAM	<b>65.03</b>

### **Acknowledgement**

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

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

For and on behalf of the Board

  
Aftab Ahmad  
Chief Executive Officer

Dated: February 29, 2024  
Lahore

ISLAMABAD  
Lower Ground | ISE Towers  
Jinnah Avenue

LAHORE  
Office 505 | LSE Plaza  
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Old Queens Road

**TO THE CERTIFICATE-HOLDERS OF MODARABA AL MALI**  
**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

***Introduction***

We have reviewed the accompanying condensed interim balance sheet of Messrs Modaraba Al Mali ("the Modaraba") as at December 31, 2023, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

***Scope of Review***

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

***Conclusion***

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

***Other matter***

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2023 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Muhammad Usman Shah, ACA.

Lahore: February 29, 2023  
UDIN Number: RR202310269Wnmrk4H0y

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

# **MODARABA AL MALI**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

**TO THE CERTIFICATE-HOLDERS OF MODARABA AL MALI  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Messrs Modaraba Al Mali** (“the Modaraba”) as at December 31, 2023, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six months period then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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Lahore: February 29, 2023  
UDIN Number: RR202310269Wnmrk4H0y

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

MODARABA AL MALI  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2023

		Un-Audited December 31, 2023	Restated Audited June 30, 2023
		Rupees	
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property and equipment	6	3,951,378	4,405,622
Long-term investments	7	1,292,207,835	1,259,724,433
		<u>1,296,159,213</u>	<u>1,264,130,055</u>
<b><u>Current assets</u></b>			
Tax refunds due from government		11,086,216	11,032,683
Current portion of diminishing musharaka		131,049	227,070
Ijarah finance		3,755,007	3,755,007
Advances, prepayments and other receivables	8	15,978,315	17,657,692
Short term investments	9	151,248,363	153,581,521
Cash and bank balances	10	12,591,776	17,578,812
		<u>194,790,726</u>	<u>203,832,785</u>
<b>Total assets</b>		<u>1,490,949,939</u>	<u>1,467,962,840</u>
<b>LIABILITIES</b>			
<b><u>Non-current liabilities</u></b>			
Deferred tax liabilities	11	55,576,410	48,719,568
		<u>55,576,410</u>	<u>48,719,568</u>
<b><u>Current liabilities</u></b>			
Short term finance from related parties	12	-	53,854,366
Creditors, accrued and other liabilities	13	201,175,116	236,036,565
Security deposits		3,762,138	3,762,138
Unclaimed profit distribution		9,875,818	10,358,639
		<u>214,813,072</u>	<u>304,011,708</u>
<b>Total liabilities</b>		<u>270,389,482</u>	<u>352,731,276</u>
<b>Net assets</b>		<u>1,220,560,457</u>	<u>1,115,231,564</u>
<b>Represented by:</b>			
<b><u>Capital and reserves</u></b>			
Authorized certificate capital			
80,000,000 (June 30, 2022: 80,000,000)			
Modaraba certificates of Rs.10 each	14	920,000,000	920,000,000
Issued, subscribed and paid-up certificate capital	14	908,169,150	794,239,450
Certificate subscription money	15	-	13,058,890
Capital reserves		81,320,896	81,320,896
Revenue reserves		231,070,411	226,612,328
		<u>1,220,560,457</u>	<u>1,115,231,564</u>
Contingencies and commitments	16	-	-

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

ICUB

LSE Capital Limited  
(Modaraba Management Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

MODARABA AL MALI  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>Rupees</b>					
Dividend Income		-	-	(5,800,000)	-
Income on deposits with Islamic banks		430,520	1,116,738	283,058	204,868
Income on Diminishing Musharaka transactions		6,551	15,716	1,860	11,480
Loss on disposal of property and equipment		-	(54,057)	-	(54,057)
Loss on disposal of assets held for sale, investment property		-	(2,993,928)	-	(66,478,015)
Rental income	17	-	1,400,000	-	1,050,000
		<b>437,071</b>	<b>(515,531)</b>	<b>(5,515,082)</b>	<b>(65,265,724)</b>
Realized gain on re-measurement of investments		2,917,585	-	2,917,585	-
Fair value adjustment through profit or loss - net	9.1	16,546,837	(13,656,981)	59,644,111	(746,582)
		<b>19,901,493</b>	<b>(14,172,512)</b>	<b>57,046,614</b>	<b>(66,012,306)</b>
Administrative and operating expenses	18	(8,086,806)	(14,231,740)	(5,881,180)	9,223,959
Other expenses	19	(53,120,160)	(3,819,769)	(53,120,160)	(41,396,866)
		<b>(41,305,473)</b>	<b>(32,224,021)</b>	<b>(1,954,726)</b>	<b>(98,185,213)</b>
Share of post tax profit of associated companies	20	31,737,978	-	20,862,989	-
Provision for services sales tax on management company's remuneration	13.1	-	-	-	13,142
Provision for Workers' Welfare Fund	21	-	-	-	1,840,619
Musharaka finance cost		-	(7,445,177)	-	(5,041,096)
<b>(Loss) / profit for the period before taxation</b>		<b>(9,567,495)</b>	<b>(39,669,198)</b>	<b>18,908,263</b>	<b>(101,372,548)</b>
Taxation	22	(7,892,437)	(865,834)	(7,092,437)	(3,576,242)
<b>(Loss) / profit for the period after taxation</b>		<b>(17,459,932)</b>	<b>(40,535,032)</b>	<b>11,815,826</b>	<b>(104,948,790)</b>
<b>(Loss) / earnings per certificate - basic</b>	23	<b>(0.19)</b>	<b>(0.51)</b>	<b>0.13</b>	<b>(1.32)</b>

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

*LCMB*

LSE Capital Limited  
(Modaraba Management Company)

*[Signature]*

Chief Financial Officer

*[Signature]*

Chief Executive Officer

*[Signature]*

Director

*[Signature]*

Director

MODARABA AL MALI  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

Note	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022 - Restated	December 31, 2023	December 31, 2022 - Restated
	<b>Rupees</b>			
(Loss) / profit for the period after taxation	(17,459,932)	(40,535,032)	11,815,826	(104,948,790)
<b>Items that will not be reclassified to profit and loss account</b>				
Share of comprehensive income of associates for the period	24	25,785,900	-	-
Less: Deferred tax liability attributable to share of associates	11.1	(3,867,885)	-	-
Reversal of excess deferred tax liability attributable to fair value reserve on reclassification of FVOCI equity investments		-	36,346,375	-
		-	-	36,346,375
Other comprehensive income for the period		21,918,015	36,346,375	-
Total comprehensive income / (loss) for the period		4,458,083	(4,188,657)	11,815,826
				(68,602,415)

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

KLM

LSE Capital Limited  
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director



MODARABA AL-MALI  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(9,567,495)	(39,669,198)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on property and equipment	6.1 454,245	110,814
Musharaka finance cost	-	7,445,177
Unwinding of interest on investments measured at amortized cost	-	1,832,631
Share of profit from associates	20 (31,737,978)	-
Realized gain on sale of equity investments	(2,917,585)	-
Fair value adjustment through profit or loss - net	9.1 (16,546,837)	(5,541,900)
Loss on disposal of property and equipment	-	54,057
Loss on disposal of investment property	-	2,993,928
	<u>(50,748,155)</u>	<u>6,894,707</u>
<b>Operating loss before working capital changes</b>	<b>(60,315,650)</b>	<b>(32,774,491)</b>
<b>Decrease in current assets</b>		
Advances, prepayments and other receivables	1,679,377	114,288,914
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(28,049,810)	(313,996)
Security deposits	-	1,050,000
	<u>(28,049,810)</u>	<u>736,004</u>
<b>Cash (used in) / generated from operations</b>	<b>(86,686,083)</b>	<b>82,250,427</b>
Mausharaka finance cost paid	(6,811,644)	(2,839,500)
Income tax paid	(4,957,013)	(6,219,248)
<b>Net cash (used in) / generated from operating activities</b>	<b>(98,454,740)</b>	<b>73,191,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets in own use	6.1 -	(269,900)
Purchase of long term investments	7.2 (4,702,670)	(425,773,938)
Proceeds from sale of long term investments	-	280,000,000
Proceeds from sale of investments classified at FVPL	21,797,585	-
Dividend income received from associates	29,743,146	-
Proceeds from disposal of investment property	-	19,020,483
Proceeds from disposal of property and equipment	-	15,853
Proceeds from diminishing Musharaka finances	96,020	173,698
<b>Net cash generated from / (used in) investing activities</b>	<b>46,934,081</b>	<b>(126,833,804)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of musharaka finance - net	12 (50,000,000)	(10,000,000)
Issuance of certificate capital	15 100,870,810	-
Short term finance acquired	12 (3,854,366)	50,000,000
Profit paid to certificate holders	(482,821)	(482,821)
<b>Net cash generated from financing activities</b>	<b>46,533,623</b>	<b>39,517,179</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,987,036)</b>	<b>(14,124,946)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>17,578,812</b>	<b>19,778,001</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10 12,591,776</b>	<b>5,653,055</b>

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

K.H.2

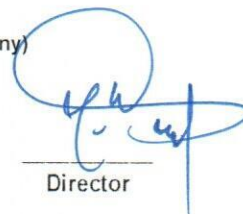
LSE Capital Limited  
(Modaraba Management Company)



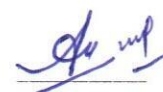
Chief Financial Officer



Chief Executive Officer



Director



Director

MODARABA AL-MALI  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Paid-up certificate capital	Certificate subscription money	Reserves				Revenue	Total reserves	Total
			Capital				Unappropriated profit / (Accumulated)		
			Statutory reserve	Surplus on revaluation of Investment Property	Fair Value reserve	Total capital reserves			
Rupees									
Balance as at June 30, 2022 as previously stated	794,239,450	-	81,320,896	66,532,230	259,616,959	407,470,085	(39,161,180)	368,308,905	1,162,548,355
Effects for the correction of error (Note 5.1)	-	-	-	-	(75,288,918)	(75,288,918)	-	(75,288,918)	(75,288,918)
<b>Balance as at June 30, 2022 as restated</b>	<b>794,239,450</b>	<b>-</b>	<b>81,320,896</b>	<b>66,532,230</b>	<b>184,328,041</b>	<b>332,181,167</b>	<b>(39,161,180)</b>	<b>293,019,987</b>	<b>1,087,259,437</b>
<b>Total comprehensive income for the six months - restated</b>	-	-	-	-	-	-	-	-	-
Loss for the period ended December 31, 2022	-	-	-	-	-	-	(40,535,032)	(40,535,032)	(40,535,032)
Other comprehensive income for the period ended December 31, 2022 - restated	-	-	-	-	36,346,375	36,346,375	-	36,346,375	36,346,375
<b>Transactions with owners of the Modaraba</b>									
Fair value reserve on investments measured through FVOCI recycled to accumulated loss on reclassification of investments	-	-	-	-	(220,674,416)	(220,674,416)	220,674,416	-	-
Surplus on revaluation of investment property realized during the period	-	-	-	(66,532,230)	-	(66,532,230)	66,532,230	-	-
<b>Balance as at December 31, 2022 as restated</b>	<b>794,239,450</b>	<b>-</b>	<b>81,320,896</b>	<b>-</b>	<b>-</b>	<b>81,320,896</b>	<b>207,510,434</b>	<b>288,831,330</b>	<b>1,083,070,780</b>
Balance as at December 31, 2022 as previously stated	794,239,450	-	81,320,896	-	-	81,320,896	246,452,977	327,773,873	1,122,013,323
Effects for the correction of error (Note 5.1)	-	-	-	-	-	-	(38,942,543)	(38,942,543)	(38,942,543)
<b>Balance as at December 31, 2022 as restated</b>	<b>794,239,450</b>	<b>-</b>	<b>81,320,896</b>	<b>-</b>	<b>-</b>	<b>81,320,896</b>	<b>207,510,434</b>	<b>288,831,330</b>	<b>1,083,070,780</b>
<b>Total comprehensive income for the six months</b>	-	-	-	-	-	-	-	-	-
Profit for the year ended June 30, 2023	-	-	-	-	-	-	36,866,492	36,866,492	36,866,492
Other comprehensive loss for the year ended June 30, 2023	-	-	-	-	-	-	(17,764,598)	(17,764,598)	(17,764,598)
<b>Transactions with owners of the Modaraba</b>									
Certificate subscription money received during the year ended June 30, 2023	-	13,058,890	-	-	-	-	-	-	13,058,890
<b>Balance as at June 30, 2023</b>	<b>794,239,450</b>	<b>13,058,890</b>	<b>81,320,896</b>	<b>-</b>	<b>-</b>	<b>81,320,896</b>	<b>226,612,328</b>	<b>307,933,224</b>	<b>1,115,231,564</b>
<b>Total comprehensive income for the six months</b>	-	-	-	-	-	-	-	-	-
Loss for the period ended December 30, 2023	-	-	-	-	-	-	(17,459,932)	(17,459,932)	(17,459,932)
Other comprehensive income for the period ended December 31, 2023	-	-	-	-	-	-	21,918,015	21,918,015	21,918,015
<b>Transactions with owners of the Modaraba</b>									
Certificate subscription money received during the period ended December 31, 2023	-	100,870,810	-	-	-	-	-	-	100,870,810
Right certificates issued during the period	113,929,700	(113,929,700)	-	-	-	-	-	-	-
<b>Balance as at December 31, 2023</b>	<b>908,169,150</b>	<b>-</b>	<b>81,320,896</b>	<b>-</b>	<b>-</b>	<b>81,320,896</b>	<b>231,070,411</b>	<b>312,391,307</b>	<b>1,220,560,457</b>

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

ICLP

LSE Capital Limited  
(Modaraba Management Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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

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

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

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

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

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

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

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

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

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

## 2. BASIS OF PREPARATION

### Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Modaraba's financial position and performance since the last annual financial statements.

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

### 2.2 Functional and presentation currency

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

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

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

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

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

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

- 2.3.3 During the year ended June 30, 2019, 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 the Modaraba and required the Modaraba to follow all other requirements of IFRS 9.

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

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

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

##### 2.4.1 New standards, interpretations and amendments to published approved accounting and reporting standards which are effective during the half year ended December 31, 2023 and are relevant:

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

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

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

#### 2.5 USE OF ESTIMATES AND JUDGMENTS

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 4. FINANCIAL RISK MANAGEMENT AND POLICIES

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

#### 5. CORRECTION OF ERROR

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

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

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

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6. PROPERTY AND EQUIPMENT  
6.1 Operating fixed assets - tangible

		2023							Total	
		Lease hold land - fuel station	Building - fuel station	Office premises	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers	Total
		Rupees								
<b>At July 01, 2023</b>										
Cost		-	-	-	4,019,962	-	385,340	180,000	89,900	4,675,202
Accumulated depreciation		-	-	-	(203,231)	-	(6,529)	(34,600)	(25,219)	(269,579)
<b>Net book value</b>		-	-	-	3,816,731	-	378,811	145,400	64,681	4,405,622
<b>Additions</b>										
Depreciation charge for the year		-	-	-	(401,996)	-	(19,267)	(18,000)	(14,982)	(454,245)
Disposals / transfers		-	-	-	-	-	-	-	-	-
Cost		-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-
<b>Closing net book value</b>		-	-	-	3,414,735	-	359,544	127,400	49,699	3,951,378
<b>At December 31, 2023</b>										
Cost		-	-	-	4,019,962	-	385,340	180,000	89,900	4,675,202
Accumulated depreciation		-	-	-	(605,227)	-	(25,796)	(52,600)	(40,201)	(723,824)
<b>Net book value</b>		-	-	-	3,414,735	-	359,544	127,400	49,699	3,951,378
<b>Life (Years)</b>		20	20	20	5	5	10	2 to 5	3	

		2023							Total	
		Lease hold land - fuel station	Building - fuel station	Office premises -	Vehicles	Surgical instruments	Furniture and fixtures	Office equipment	Computers	Total
		Rupees								
<b>At July 01, 2022</b>										
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)
<b>Net book value</b>		-	-	2,200,000	-	-	88,737	95,731	-	2,384,468
<b>Additions</b>										
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		-	-	(86,167)	4,019,962	550,377	5,574,102	3,266,187	1,272,247	14,682,875
Disposals / transfers		-	-	-	(203,232)	(27,825)	(146,703)	(219,379)	(117,242)	(800,548)
Cost		-	-	-	42,500	550,377	7,147,739	6,446,218	3,448,145	17,634,979
Depreciation		-	-	-	(42,500)	(27,825)	(2,010,414)	(3,358,979)	(2,447,921)	(7,887,639)
<b>Transfers</b>										
Cost		-	-	2,200,000	-	-	-	-	-	2,200,000
Depreciation		-	-	(86,167)	-	-	-	-	-	(86,167)
<b>Closing net book value</b>		-	-	2,113,833	3,816,730	522,552	5,137,325	3,087,239	1,000,224	2,113,833
<b>At June 30, 2023</b>										
Cost		-	-	-	4,019,962	-	385,340	89,900	180,000	4,675,202
Accumulated depreciation		-	-	-	(203,232)	-	(6,529)	(34,600)	(25,219)	(269,580)
<b>Net book value</b>		-	-	-	3,816,730	-	378,811	55,300	154,781	4,405,622
<b>Life (Years)</b>		20	20	20	5	5	10	2 to 5	3	

	Note	Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
<b>7. LONG TERM INVESTMENTS</b>			
<b>Investments in equity instruments - associated companies measured under equity method</b>			
LSE Proptech Limited - quoted	7.1	321,513,359	322,499,846
LSE Ventures Limited - quoted	7.2	666,188,353	639,908,985
Ensmile Limited - unquoted	7.3	304,506,123	297,315,602
		<u>1,292,207,835</u>	<u>1,259,724,433</u>
<b>7.1. LSE Proptech Limited - Quoted</b>			
Movement during the period in investment in associate			
Balance as at July 01,		322,499,846	-
Add: Investment in LSE Proptech Limited on demerger of LSEFSL		-	315,731,785
Add: Gain on bargain purchase on acquisition of investment		-	16,984,710
Less: Share of loss after tax from associated company	20	(609,487)	(4,339,185)
Less: Share of post tax other comprehensive loss from associate		-	(5,877,464)
Less: Dividend income received		(377,000)	-
		<u>(986,487)</u>	<u>6,768,061</u>
<b>Balance as at June 30,</b>		<u>321,513,359</u>	<u>322,499,846</u>
<b>Number of shares of Rs. 10 each</b>		<u>16,469,434</u>	<u>16,469,434</u>
<b>Percentage of holding in LSE Proptech Limited</b>		<u>18.28%</u>	<u>18.28%</u>
<b>7.2. LSE Ventures Limited - Quoted</b>			
Movement during the period in investment in associate			
Balance as at July 01,		639,908,985	-
Add: Investment made in the share capital of associate	7.2.1	4,702,670	-
Add: Investment in LSE Ventures Limited on demerger of LSEFSL		-	573,187,584
Add: Gain on bargain purchase on acquisition of investment		-	30,834,477
Add: Share of profit after tax from associated company	20	19,274,591	50,985,304
Add/Less: Share of post tax other comprehensive income / (loss) from associate	24	25,785,900	(15,098,380)
Less: Dividend income received		(23,483,793)	-
		<u>21,576,698</u>	<u>66,721,401</u>
<b>Balance as at June 30,</b>		<u>666,188,353</u>	<u>639,908,985</u>
<b>Number of shares of Rs. 10 each</b>		<u>47,721,585</u>	<u>46,967,585</u>
<b>Percentage of holding in LSE Ventures Limited</b>		<u>26.57%</u>	<u>26.15%</u>
7.2.1 During the period, the Modaraba had acquired 754,000 ordinary shares of Messrs. LSE Ventures Limited @ Rs. 6.24 per share.			
<b>7.3. Ensmile Limited - Unquoted</b>			
Movement during the period in investment in associate			
Balance as at July 01,		297,315,602	-
Investment made in the share capital of associate		-	289,396,637
Add: Share of profit after tax from associated company	20	13,072,874	13,801,318
Less: Dividend income received		(5,882,353)	(5,882,353)
		<u>7,190,521</u>	<u>7,918,965</u>
		<u>304,506,123</u>	<u>297,315,602</u>

All the financial information as regards to the share of profit, comprehensive income and dividend income earned from above named associates is based on the financial statements of the respective associated companies for the period ended December 31, 2023 duly reviewed by their statutory auditors.

	Note	Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
<b>8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Unsecured and considered good</b>			
Advance to broker		1,797,585	-
Receivable from corporate entities	8.1	11,460,214	15,751,858
Defined benefit plan - staff gratuity		1,268,785	1,268,785
Prepayments		575,854	381,279
Others		875,877	255,770
		<u>15,978,315</u>	<u>17,657,692</u>
<b>8.1 This represents the balance receivable from the following corporate parties:</b>			
<b>Related parties - Associated companies</b>			
<b>Unlisted companies</b>			
<i>Ensmile Limited</i>		2,625,930	2,625,930
<i>Digital Custodian Company Limited</i>		8,834,284	13,125,928
		<u>11,460,214</u>	<u>15,751,858</u>
<b>9. SHORT TERM INVESTMENTS</b>			
<b>At fair value through profit and loss account</b>			
Investment in listed equity securities	9.1	<u>151,248,363</u>	<u>153,581,521</u>
<b>9.1 Investment in listed equity securities</b>			
All shares have a nominal face value of Rs. 10 each			
		<b>December 31, 2023 (Un-Audited)</b>	<b>June 30, 2023 (Audited)</b>
		Number of shares	Number of shares
		Cost	Cost
		Fair value	Fair value
		Unrealized gain	Unrealized loss
		----- Rupees -----	
<b>Gem board transport</b>			
Universal Network Transport System	267,895	17,413,175	5,384,690 (11,224,806)
<b>Food &amp; personal care products</b>			
Ghani Chemical Limited - Class B	12,509,749	125,097,490	145,863,673 27,771,643
<b>Total as at December 31 / June 30,</b>		<u>142,510,665</u>	<u>151,248,363</u> <u>16,546,837</u>
		<u>162,510,665</u>	<u>153,581,526</u> (4,640,140)
<b>9.2 Fair value of listed equity securities represents market value prevailing on December 31 / June 30.</b>			
		<b>Un-Audited December 31, 2023 Rupees</b>	<b>Audited June 30, 2023 Rupees</b>
<b>10. CASH AND BANK BALANCES</b>			
Balances with banks in:			
- profit and loss sharing accounts	10.1.	12,478,070	1,255,038
- current accounts		98,512	16,318,862
		12,576,582	17,573,900
Balances with State Bank of Pakistan		15,194	4,912
		<u>12,591,776</u>	<u>17,578,812</u>
<b>10.1. These saving bank accounts carry profit at rates ranging from 8% to 12% (June 30, 2023: 10% to 13%) per annum.</b>			
<b>11. DEFERRED TAX LIABILITIES</b>			
<b>Deferred tax liabilities arising due to taxable temporary differences</b>			
Property and equipment		170,469	130,763
Defined benefit plan - staff gratuity		367,948	367,948
Short term investments		1,310,655	-
Long-term investments		53,727,338	49,560,228
		<u>55,576,410</u>	<u>50,058,939</u>
<b>Deferred tax assets arising due to deductible temporary differences</b>			
Short term investments		-	(1,339,371)
<b>Net deferred tax liability as at December 31 / June 30</b>		<u>55,576,410</u>	<u>48,719,568</u>

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

	December 31, 2023			Balance as at December 31, 2023
	Balance as at June 30, 2023	Charged to profit and loss	Charged to other comprehensive	
-----Rupees-----				
Property and equipment	130,763	39,706	-	170,469
Defined benefit plan - staff gratuity	367,948	-	-	367,948
Short term investments	(1,339,371)	2,650,026	-	1,310,655
Long-term investments	49,560,228	299,225	3,867,885	53,727,338
	<b>48,719,568</b>	<b>2,988,957</b>	<b>3,867,885</b>	<b>55,576,410</b>

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

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

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

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

**13. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Management fee Payable - related party			
<i>LSE Capital Limited</i>	13.1	1,062,212	12,299,540
Accrued liabilities	13.2	3,212,716	2,759,037
Payable to provincial government		1,247,338	1,247,338
Profit Payable on musharaka certificate	13.3	-	6,811,644
Payable to gratuity fund		231,411	231,411
Payable to Ghani Chemical Industries Limited	13.4	185,945,836	205,945,836
Ijarah rental received in advance		-	29,381
Charity and donation		69,429	68,612
Others	13.5	9,406,174	6,643,766
		<u>201,175,116</u>	<u>236,036,565</u>

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- 13.1 The Modaraba Management Company is entitled to a remuneration for services rendered to Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of Modaraba. Since, the Modaraba had again incurred a loss during the current interim period, therefore, no provision for management fee for the current period has been recognized in these condensed interim financial statements. However, the Modaraba had paid an amount of Rs. 11.237 million during the period to the management company against the management fee for prior periods.
- 13.2 These include Rs. 1.934 million (June 30, 2023: Rs. 1,934 million) on account of consultancy / agency fee payable to Mr. Danish Elahi, a substantial certificate holder holding 31.71% of the certificate capital of the Modaraba for his services as an investment agent to the Modaraba in the acquisition of investments.
- 13.3 This represented profit payable to Digital Custodian Company Limited, an associated company, on the musharaka finance facility obtained from the said party. This balance had been adjusted in full against the balance receivable from the said related party.
- 13.4 This represents the balance payable to the above named company by the Modaraba for the purchase of shares as per the duly executed term sheet as disclosed in note 12.3 of the audited financial statements of the Modaraba for the year ended June 30, 2023.
- 13.5 These include balance payable to the following corporate entities:

	Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
<b>Associated company</b>		
Ensmile Limited - unquoted	1,586,460	1,586,460
<b>Ex-associated company</b>		
Metatech Trading Limited - quoted	469,688	469,688
	<u>2,056,148</u>	<u>2,056,148</u>

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

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

Balance as at July 01,		79,423,945	79,423,945
Add: Right issue of modaraba certificates	15	11,392,970	-
Balance as at December 31 / June 30,		<u>90,816,915</u>	<u>79,423,945</u>

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

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

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

<u>Name of the party</u>	<u>%age of holding</u>	<u>Number of certificates held</u>	
<b>Modaraba Management Company</b>			
LSE Capital Limited	17.05%	15,487,544	9,103,703
<b>Associated company</b>			
Digital Custodian Company Limited	14.25%	12,943,905	7,943,905
<b>Substantial shareholder</b>			
Danish Elahi	27.73%	25,188,000	25,188,000
<b>Directors</b>			
Mr. Aftab Ahmad Chaudhary	2.03%	1,843,000	5,776,440
Mr. Usman Hassan	0.002%	2,155	2,155
	<u>61.07%</u>	<u>55,464,604</u>	<u>48,014,203</u>

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

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

**16. CONTINGENCIES AND COMMITMENTS**

Contingencies

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

Commitments

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

**17. RENTAL INCOME**

Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
<u>-</u>	<u>1,400,000</u>

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

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18. ADMINISTRATIVE AND OPERATING EXPENSES

Note	Un-Audited Half year ended		Un-Audited Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
← Rupees →				
	Salaries, allowances and other benefits			
18.1	94,490	3,101,811	47,246	(1,997,487)
	Rent, rates and taxes			
	300,000	730,768	300,000	648,954
	Fuel and conveyance			
	180,815	191,544	94,642	108,840
	Repairs and maintenance			
	15,000	542,670	-	(2,280,087)
	Legal and professional			
	726,806	3,770,064	321,551	(4,535,092)
	Travelling and conveyance			
	59,070	599,359	59,070	332,100
	Telephone			
	-	12,000	-	6,000
	Entertainment			
	787,580	1,107,241	440,140	1,082,800
	Insurance			
	-	44,621	-	20,762
	Printing and stationery			
	98,585	516,785	(23,458)	366,816
	Auditors' remuneration			
	200,000	200,000	(40,645)	(506,245)
	Subscription			
	834,832	242,797	449,675	121,398
	Registrar services			
	399,609	163,400	95,300	67,800
	Postage			
	5,988	68,944	(25,884)	35,089
	Advertisement			
	-	256,200	(75,900)	(344,700)
	Others			
18.3	3,929,787	2,572,722	3,860,199	(2,410,256)
6.1	454,244	110,814	379,244	59,379
	<b>8,086,806</b>	<b>14,231,740</b>	<b>5,881,180</b>	<b>(9,223,929)</b>

18.1 These include contribution to Employees Provident Fund amounting to Rs. Nil (December 31, 2022: Rs. 162,819).

18.2 During the period, no expenses as regards to salaries, benefits and perquisites to staff has been borne by the Modaraba as the management of Modaraba had terminated all the employees previously employed by Modaraba w.e.f. May 01, 2023 and had employed them to various group companies in view of limited operations of Modaraba being managed under the direct supervision of its Management Company namely; LSE Capital Limited.

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

19. OTHER EXPENSES

Un-Audited	
December 31, 2023	December 31, 2022
Rupees	
53,120,160	3,819,769

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

20. SHARE OF POST TAX PROFIT OF ASSOCIATED COMPANIES

Note	Un-Audited Half year ended		Un-Audited Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Investments in listed equity instruments			
	LSE Proptech Limited			
7.2	(609,487)	-	(1,192,490)	-
	LSE Ventures Limited			
7.1	19,274,591	-	8,982,605	-
	Investments in unlisted equity instruments			
	Ensmile Limited			
7.3	13,072,874	-	13,072,874	-
	<b>31,737,978</b>	<b>-</b>	<b>20,862,989</b>	<b>-</b>

21. PROVISION FOR WORKER'S WELFARE FUND

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

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22.	TAXATION	Note	Un-Audited Half year ended		Un-Audited Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
			Rupees	Rupees	Rupees	Rupees
	<b>Current tax</b>					
	Minimum tax	22.1	4,371	13,959	4,371	-
	Final tax regime		4,899,110	-	4,099,110	2,724,367
			4,903,481	13,959	4,103,480	2,724,367
	<b>Deferred tax</b>					
	for the year	11.1	2,988,956	851,875	2,988,956	851,875
			7,892,437	865,834	7,092,436	3,576,242

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

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

23.	(LOSS) / EARNINGS PER CERTIFICATE	Note	Un-Audited Half year ended		Un-Audited Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
			Rupees	Rupees	Rupees	Rupees
	(Loss) / earnings for the period		(17,459,932.00)	(40,535,032.00)	11,815,826.26	(104,948,790)
	Weighted average number of certificates outstanding during the period	23.1	90,259,650	79,423,945	90,259,650	79,423,945
	(Loss) / earnings per Modaraba certificate - basic		(0.19)	(0.51)	0.13	(1.32)

(Number of certificates)

23.1 Weighted average number of modaraba certificates (basic and diluted)

Issued ordinary shares as at July 01,

Effect of right issue

Weighted average number of ordinary shares as at December 31,

79,423,945	79,423,945
10,835,705	-
90,259,650	79,423,945

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

24.	SHARE OF COMPREHENSIVE INCOME OF ASSOCIATES	Note	Un-Audited Half year ended		Un-Audited Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
			Rupees	Rupees	Rupees	Rupees
	Investments in listed equity instruments LSE Ventures Limited	7.2	25,785,900	-	25,785,900	-

25. RELATED PARTY TRANSACTIONS

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

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

<u>Name of the party and nature of transactions</u>	<u>Relationship</u>	<u>(Un-audited)</u> <u>Half year ended</u>	
		<u>December 31,</u> <u>2023</u> <u>Rupees</u>	<u>December 31,</u> <u>2022</u> <u>Rupees</u>
<b>LSE Capital Limited</b>			
Short term finance acquired	Modaraba Management Company	-	50,000,000
Repayment of short term finance		(64,357,488)	-
Expenses charged by the party		53,120,160	-
Certificate subscription money received		63,929,700	-
<b>LSE Ventures Limited</b>			
Investment made in associate	Associated company	4,702,670	-
Share of post tax profit from associate		19,274,591	-
Share of post tax other comprehensive income from associate		25,785,900	-
Dividend received from associate		23,483,793	-
<b>LSE PropTech Limited</b>			
Share of post tax loss from associate	Associated company	(609,487)	-
Dividend received from associate		377,000	-
<b>Ensmile Limited</b>			
Share of post tax profit from associate	Associated company	13,072,874	-
Dividend received from associate		5,882,353	-
<b>MetaTech Health Limited</b>			
Rental income	Ex-associated company	-	1,400,000
<b>Digital Custodian Company Limited</b>			
Issuance of certificate capital against musharaka finance	Associated company	50,000,000	-
Legal and professional expenses borne on behalf of the party		2,520,000	-
Musharaka finance (repaid) / obtained from the party		(50,000,000)	50,000,000
Musharaka finance cost		-	7,445,177
<b>Retirement benefits</b>			
Contributions to staff provident fund	Employee benefits	-	162,819
Contribution to staff gratuity fund		-	5,292

26. **Fair Value of Financial Instruments**

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

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

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

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

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

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

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

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

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

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

	Carrying amount				Fair value			
	FVTPL	Financial assets at amortized cost	Other financial liabilities - at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2023</b>								
<b>Financial assets - measured at fair value</b>								
Investments in equity securities	151,248,363	-	-	151,248,363	151,248,363	-	-	151,248,363
<b>Financial assets - not measured at fair value</b>								
Advances and other receivables	-	14,133,676	-	16,007,628	-	-	-	-
Cash and Bank balances	-	12,591,776	-	17,578,812	-	-	-	-
Diminishing Musharaka	-	131,049	-	227,069	-	-	-	-
Ijarah Finance	-	3,755,007	-	3,755,007	-	-	-	-
	<b>151,248,363</b>	<b>30,611,508</b>	<b>-</b>	<b>188,816,879</b>	<b>151,248,363</b>	<b>-</b>	<b>-</b>	<b>151,248,363</b>
<b>Financial liabilities - not measured at fair value</b>								
Creditors, accrued and other liabilities	-	-	199,696,367	199,696,367	-	-	-	-
Musharaka finance	-	-	-	-	-	-	-	-
Security deposits	-	-	3,762,138	3,762,138	-	-	-	-
Unclaimed profit distribution	-	-	9,875,818	9,875,818	-	-	-	-
	<b>-</b>	<b>-</b>	<b>213,334,323</b>	<b>213,334,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2023</b>								
<b>Financial assets - measured at fair value</b>								
Investments in equity securities	153,581,521	-	-	153,581,521	153,581,521	-	-	153,581,521
<b>Financial assets - not measured at fair value</b>								
Advances and other receivables	-	16,007,628	-	16,007,628	-	-	-	-
Cash and Bank balances	-	17,578,812	-	17,578,812	-	-	-	-
Diminishing Musharaka	-	227,069	-	227,069	-	-	-	-
Ijarah Finance	-	3,755,007	-	3,755,007	-	-	-	-
	<b>153,581,521</b>	<b>37,568,516</b>	<b>-</b>	<b>191,150,037</b>	<b>153,581,521</b>	<b>-</b>	<b>-</b>	<b>153,581,521</b>
<b>Financial liabilities - not measured at fair value</b>								
Creditors, accrued and other liabilities	-	-	234,759,846	234,759,846	-	-	-	-
Musharaka finance	-	-	53,854,366	53,854,366	-	-	-	-
Security deposits	-	-	3,762,138	3,762,138	-	-	-	-
Unclaimed profit distribution	-	-	10,358,639	10,358,639	-	-	-	-
	<b>-</b>	<b>-</b>	<b>302,734,989</b>	<b>302,734,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

27. GENERAL

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

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

28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Modaraba Management Company on \_\_\_\_\_.

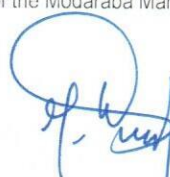
10/1/23



Chief Financial Officer



Chief Executive Officer



Director



Director