



**AsstPlex Modaraba
Management Limited**

Modaraba Al-Mali

**Managed by:
AsstPlex Modaraba Management Limited**

**Half Yearly Report
December 31,2021
(Un-audited)**

www.modarabaalmali.com

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CORPORATE INFORMATION

Board of Directors	Mr. Abdul Qadir Memon	Chairman
	Mr. Attique Ahmed Khan	Director
	Mr. Aftab Ahmed Chaudhry	Director/ Chief Executive
	Mr. Amir Zia	Director
	Mr. Hussain Ahmed Ozgen	Director
	Ms. Huma Ejaz	Director
	Mr. Usman Hassan	Director
Audit Committee	Ms. Huma Ejaz	Chairman
	Mr. Amir Zia	Member
	Mr. Usman Hassan	Member
HR & Remuneration Committee	Mr. Hussain Ahmed Ozgen	Chairman
	Mr. Amir Zia	Member
	Ms. Huma Ejaz	Member
Risk Committee	Mr. Usman Hassan	Chairman
	Mr. Hussain Ahmed Ozgen	Member
	Ms. Huma Ejaz	Member
Nomination Committee	Mr. Abdul Qadir Memon	Chairman
	Mr. Amir Zia	Member
	Ms. Aftab Ahmed Chaudhry	Member
Management Team	Mr. Aftab Ahmed Chaudhry	Chief Executive
	Mr. Rashid Matin Khan	CFO / Company Secretary
Legal Advisor & Consultant to the Merger	Bawany & Partners Mohsin Tayebaly & Co.-Advocate & Legal Consultants	
Bankers & Financers	BankIslami Pakistan Limited Bank Al-Falah Limited Duabi Islamic Bank Limited Meezan Bank Limited	
Registrar & Share Registration Office	F.D Registrar Services (Pvt.) Limited Saima Trad Tower A 17th Floor I.I.Chundrigar Road Karachi	
Registered Office	10th Floor, Progressive Square Opposite Nursery, Shahra-e- Faisal, Karachi Phone: 4547521-5 Fax: 4547526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com	

DIRECTORS' REPORT

Board of Directors of Assetplex Modaraba Management Limited, the Management Company of Modaraba Al-Mali (MODAM), is pleased present financial statements (limited reviewed by the statutory auditors) for the 1st half ending on December 31, 2021.

Financial Results	December 31,	June 30,
	2021	2021
	----- (Rupees) -----	
Net Revenue	5,749	7,966
Other Income	16,798	3,843
Net Profit	57	5,006
Profit/(Loss) per Certificate	0.00	0.15
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	<u>12.39</u>	<u>14.64</u>

Operational Performance:

- Profit on Term deposits are on decline due to utilization of funds. However, it is well compensated by Other Income (return on equity investments);
- Expenses are increased on account of legal and professional charges related to the right issue;
- Higher taxation charge during the period under review;

Financial and Business Plan

Modaraba is repositioning itself services (underwriting, financial consultancy, and financial services), venture capital and technology businesses. These investment will either be taken directly in the Modaraba or as a strategic equity investments in other legal entities, provided they are Shariah compliant. Modaraba shall also seek collaboration and technical partners, if required, to implement its repositioning/diversification stratagem.

Board of Directors of Modaraba has announced 331% Right Issue in their Meeting held on September 13, 2021. Procedure related to rights proceeds (along with allocation of unsubscribed portion of Right Issue) of Rs. 610.00 million was completed on January 31, 2022.

The Board authorized the CEO of MODAM to pursue and conclude the modalities of the merger of MODAM with/into LSE Financial Services Limited (to be renamed as LSE Ventures) including the swap ratio etc., and take steps to seek the requisite corporate, regulatory and court approvals in this regard; and the Board has also approved the nominations for the management team to be installed/placed at LSE Financial Services Limited, for providing the necessary strategic impetus for the turn-around of the investee company.

Dividend

Board of directors of Assetplex Modaraba Management Limited (formerly BankIslami Modaraba Investments Limited) a Management Company of Modaraba Al-Mali in their meeting held on October 04, 2021 has declared a Final Cash Dividend for the year ended June 30, 2021 at Rs. 0.37 per certificate i.e. 3.7%. The Above entitlement are paid to the Certificate Holders whose name appeared in the Modaraba Certificate Register on October 21, 2021.

Acknowledgement

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

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

On behalf of the Board

Lahore:
February 25, 2022

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Aftab Ahmed
Chief Executive Officer

Auditor's Review Report to Certificate Holders of Modaraba Al-Mali On Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of Modaraba Al Mali ("the Modaraba") as at 31 December 2021 and the related condensed interim profit and loss account and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the financial statement for the six month period then ended (herein-after referred to as the "interim financial statements"). The management of the Modaraba Management Company (AssetPlex Modaraba Management Limited) is responsible for the preparation and presentation of these 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 Statements 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The financial statements of the Modaraba for the half year ended 31 December 2020 and for the year ended 30 June 2021 were reviewed and audited by another firm of chartered accountants who expressed an unmodified conclusion and opinion on those statements on 27 February 2021 and 5 October 2021, respectively.

The figures for the quarter ended 31 December 2021 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Zeeshan Rashid.

Karachi
February

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A.F Ferguson & Co.
Chartered Accountants

Engagement Partner

Modaraba Al-Mali

CONDENSED INTERIM BALANCE SHEET

As at December 31, 2021

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
----- (Rupees) -----			
ASSETS			
Current assets			
Cash and bank balances	5	150,384,595	53,350,982
Ijarah finance	6	3,755,007	3,755,007
Murabaha finance	7	-	-
Current portion of Diminishing Musharaka	8	1,829,290	3,855,624
Receivable against Ijarah rentals and maintenance service	9	-	-
Investments	10	28,834,526	1,364,300
Advances, deposits, prepayments, other assets and receivables	11	44,623,205	32,540,982
Taxation - net	12	23,817,985	27,359,468
Deferred taxation	13	-	-
Inventory		5,363,696	2,280,388
		258,608,304	124,506,751
Assets held for sale	14	164,286,564	-
		422,894,868	124,506,751
Non-current assets			
Long-term portion of Diminishing Musharaka	8	229,306	334,552
Investment property	15	-	96,616,000
Long term Investments	16	34,856,075	-
Property and equipment	17	2,330,211	67,934,637
		37,415,592	164,885,189
TOTAL ASSETS		460,310,460	289,391,940
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	18	36,455,756	6,223,746
Current portion of security deposits		3,762,138	3,762,138
Unclaimed profit distribution		10,359,580	9,649,240
Current portion of lease liability		865,490	-
		51,442,964	19,635,124
Liabilities directly associated with the assets held for sale	14	130,000	-
		51,572,964	19,635,124
Non-current liabilities			
Security deposits		-	115,000
Lease Liability		1,294,953	-
Total liabilities		52,867,917	19,750,124
NET ASSETS		407,442,543	269,641,816
REPRESENTED BY:			
CAPITAL AND RESERVES			
Authorised certificate capital			
80,000,000 (June 30, 2021: 30,000,000) Modaraba certificates of Rs.10 each	19	800,000,000	300,000,000
Issued, subscribed and paid-up certificate capital	19	328,800,400	184,239,450
Capital reserves		140,686,223	140,686,223
Revenue reserves		(62,044,080)	(55,283,857)
		407,442,543	269,641,816
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

For AssetPlex Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

Modaraba Al-Mali

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the half year and quarter ended December 31, 2021

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees) -----					
Income on diminishing musharaka transactions		148,876	645,092	85,857	294,251
Income from operation of fuel station	21	5,272,728	5,110,798	2,861,787	2,335,804
Profit on term deposits		-	1,926,415	134,137	992,784
Income on deposits with bank		327,038	284,082	-	119,589
		<u>5,748,642</u>	<u>7,966,387</u>	<u>3,081,781</u>	<u>3,742,428</u>
Expenses on fuel station operations	21	(3,262,453)	(2,879,452)	(1,751,360)	(1,379,439)
Realised and Unrealised appreciation / diminution on investments classified as financial assets at fair value through profit or loss-net		10,246,590	-	(7,471,418)	-
		<u>12,732,779</u>	<u>5,086,935</u>	<u>(6,140,997)</u>	<u>2,362,989</u>
Other income		6,551,205	3,842,826	3,927,651	1,921,413
Administrative and operating expenses	22	(14,295,598)	(3,409,633)	(6,125,583)	(1,679,461)
		<u>4,988,386</u>	<u>5,520,128</u>	<u>(8,338,929)</u>	<u>2,604,941</u>
Modaraba Management Company's remuneration	18.1	-	-	-	-
Provision for services sales tax on management company's remuneration	18.1	(648)	(773)	1,149	(415)
Provision for workers' welfare fund	23	(97,811)	(108,238)	153,813	(50,092)
Profit / (loss) for the period before taxation		<u>4,889,927</u>	<u>5,411,117</u>	<u>(8,183,967)</u>	<u>2,554,434</u>
Taxation	24	4,833,290	405,333	2,553,631	192,967
Profit / (loss) for the period after taxation		<u>56,637</u>	<u>5,005,784</u>	<u>(10,737,598)</u>	<u>2,361,467</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		<u>56,637</u>	<u>5,005,784</u>	<u>(10,737,598)</u>	<u>2,361,467</u>
Earnings per certificate - basic & diluted	25	<u>0.00</u>	<u>0.26</u>	<u>(0.48)</u>	<u>0.12</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

For AssetPlex Modaraba Management 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, 2021

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		4,889,927	5,411,117
Adjustments for non-cash charges and other items:			
Finance cost on right of use asset (ROUA)		8,408	-
Depreciation on fixed assets in own use		535,898	258,826
		<u>544,306</u>	<u>258,826</u>
		5,434,233	5,669,943
<i>(Increase) / decrease in current assets</i>			
Receivable against Ijarah rentals and maintenance service		-	12,647,513
Advances, deposits, prepayments and other receivable		(12,082,223)	(1,535,525)
Inventory		(3,083,308)	(199,621)
		<u>(15,165,531)</u>	<u>10,912,367</u>
<i>Increase / (decrease) in current liabilities</i>			
Creditors, accrued and other liabilities		30,232,010	(1,343,327)
Security deposits		15,000	(4,064,000)
		<u>30,247,010</u>	<u>(5,407,327)</u>
Cash (used in) / generated from operations		20,515,712	11,174,983
Income taxes refunded / (paid)		(1,291,807)	2,500,660
Net cash (used in) / generated from operating activities		19,223,905	13,675,643
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of assets under Ijarah arrangements		-	4,064,006
Purchase of long term investments		(34,856,075)	-
Purchase of short term investments		(27,470,226)	-
Diminishing musharaka finances		2,131,939	4,265,051
Net cash generated from / (used in) investing activities		(60,194,362)	8,329,057
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(450,000)	-
Receipt of right issue subscription		144,560,950	-
Profit paid to certificate holders		(6,106,880)	(11,616,500)
Net cash (used in) / generated from financing activities		138,004,070	(11,616,500)
Net increase in cash and cash equivalents		97,033,613	10,388,200
Cash and cash equivalents at beginning of the period		53,350,982	64,479,573
Cash and cash equivalents at end of the period	5	<u>150,384,595</u>	<u>74,867,773</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

**For AssetPlex Modaraba Management 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, 2021

	Paid-up certificate capital	Capital reserves			Revenue reserves	Total reserves	Total
		Premium on issue of certificates	Statutory reserve	Surplus on revaluation of Investment Property	Accumulated loss		
(Rupees)							
Balance as at July 01, 2020	184,239,450	511,409	66,885,417	66,532,230	(69,408,837)	64,520,219	248,759,669
Final cash dividend of Re. 0.70 per certificate for the year ended June 30, 2020	-	-	-	-	(12,896,762)	(12,896,762)	(12,896,762)
Total comprehensive income for the six months period ended December 31, 2020	-	-	-	-	5,005,784	5,005,784	5,005,784
Balance as at December 31, 2020	184,239,450	511,409	66,885,417	66,532,230	(77,299,815)	56,629,241	240,868,691
Total comprehensive income for the six months period ended June 30, 2021	-	-	-	-	28,780,053	28,780,053	28,780,053
Other comprehensive loss for the year ended June 30, 2021	-	-	-	-	(6,928)	(6,928)	(6,928)
Transfer to statutory reserve	-	-	6,757,167	-	(6,757,167)	-	-
Balance as at July 01, 2021	184,239,450	511,409	73,642,584	66,532,230	(55,283,857)	85,402,366	269,641,816
Right issue	144,560,950	-	-	-	-	-	144,560,950
Final cash dividend of Re. 0.37 per certificate for the year ended June 30, 2021	-	-	-	-	(6,816,860)	(6,816,860)	(6,816,860)
Total comprehensive income for the six months period ended December 31, 2021	-	-	-	-	56,637	56,637	56,637
Balance as at December 31, 2021	328,800,400	511,409	73,642,584	66,532,230	(62,044,080)	78,642,143	407,442,543

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

For AssetPlex Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Modaraba Al-Mali (the "Modaraba") is a multipurpose and perpetual Modaraba floated in Pakistan on July 8, 1987 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("Modaraba Ordinance, 1980"), and Modaraba Companies and Modaraba Rules, 1981 (Modaraba Rules, 1981) and is managed by AssetPlex Modaraba Management Limited (the "Management Company"), a company registered under the repealed Companies Ordinance, 1984 now (Companies Act, 2017). The name of the Modaraba Management Company has been changed to AssetPlex Modaraba Management Limited with effect from August 10, 2021. The Modaraba is listed on the Pakistan Stock Exchange Limited. The registered office of the management company is situated at 10th Floor, Progressive Square, Shakra-e-Faisal, Karachi, in the province of Sindh.

The Modaraba is engaged in the business of Leasing / Ijarah, Murabaha, Musharaka Financing and operation of petrol and diesel filling / service station. BankIslami Pakistan Limited has disposed off its ownership stake in the management company which has now been acquired by a new group. Upon transfer to the new management, Modaraba's focus has been changed from Islamic financing modaraba to undertaking Islamic venture capital, private equity and corporate & financial restructuring / rehabilitation transactions of potentially viable companies through resource mobilization.

Pakistan Credit Rating Agency (PACRA) has maintained long term entity rating of BBB+ and short term rating of A2 from March 26, 2021, for the Modaraba.

1.1 Impact of COVID-19

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation / quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities / regions or even entire countries. During the period, the provincial government imposed complete lockdown only in Sindh amid increasing COVID-19 cases in early July. Further, subsequent to period end, African variant of COVID 19 (named 'Omicron') has affected the country adversely. Consequently, this would lead to uncertainties in terms of increase in number of cases due to which Sindh government and National Command Operation Center (NCOC) has imposed micro lockdown in highly affected areas which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. The management of the Modaraba is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders. The Management of the Modaraba expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that would be no significant impact that will adversely affect the operations and financial position of the Modaraba in future periods.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 repealed Prudential Regulations for Modarabas now Modaraba Regulation, 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 Regulation, 2021 and IFASs differ with the requirements of IFRS, 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 Regulation, 2021 and IFASs have been followed.

2.1.2 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, 2021.

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 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 upto 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:

- Muj`ir (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 recognised as expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

- Ljarah income is recognised 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 Ljarah 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.

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

- 3.1 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, 2021 except for change as disclosed in Note 3.2.1 and Note 3.2.2 to the condensed interim financial statements.
- 3.2 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current period

3.2.1 Assets held for sale

Non-current assets, or 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.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair values less cost to sell. 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, deferred tax assets, employee benefits assets, investment property or biological assets, 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 recognised in profit or loss.

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

3.2.2 Current tax

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior periods which arises from assessments / developments made during the period, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Modaraba recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

3.2.3 There are certain other standards, amendments and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

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

3.4 Use of estimates and judgements

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. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.5 The significant judgments made by the management in applying the Modaraba's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the annual published audited financial statements for the year ended June 30, 2021.

4 FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements as at and for the year ended June 30, 2021.

5 CASH AND BANK BALANCES

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
Balances with banks in:			
- Profit and loss sharing accounts	5.1	2,204,187	34,893,707
- Term deposit account		-	15,000,000
- Current accounts	5.2	147,821,725	2,850,111
		150,025,912	52,743,818
Balance with the State Bank of Pakistan		14,191	14,191
		150,040,103	52,758,009
Cash in hand		344,492	592,973
		150,384,595	53,350,982

5.1 These accounts carry profit at rates ranging from 2.25% to 5.50% (June 30, 2021: 1.95% to 5.52%) per annum.

5.2 This includes an amount of Rs. 144.56 million received against right issue subscription.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

		<i>Note</i>	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			----- (Rupees) -----	-----
6	IJARAH FINANCE			
	Ijarah contracts commencing up to June 30, 2008			
	- accounted for as finance leases			
	Total ujarah payments due		40,480,939	40,480,939
	Residual value of leased assets		3,755,007	3,755,007
	Total receivable		<u>44,235,946</u>	<u>44,235,946</u>
	Suspended lease income		(7,491,364)	(7,491,364)
	Provision for impairment against potential lease losses	6.1	(32,989,575)	(32,989,575)
			<u>(40,480,939)</u>	<u>(40,480,939)</u>
			<u>3,755,007</u>	<u>3,755,007</u>
6.1	These Ijarah finances are fully provided and the remaining amount represents amount of security deposits to be adjusted at the time of final settlement.			
7	MURABAHA FINANCE			
	Considered doubtful	7.1	2,517,068	2,517,068
	Provision for impairment loss against doubtful recoveries		(2,517,068)	(2,517,068)
			<u>-</u>	<u>-</u>
7.1	These represent amounts receivable against Murabaha transactions i.e. sale of goods on deferred payment basis at a specified profit margin ranging from 10% to 24% per annum.			
8	DIMINISHING MUSHARAKA			
	Musharaka finance		2,058,596	4,190,176
	Less: Current portion of diminishing musharaka		(1,829,290)	(3,855,624)
	Long-term portion of diminishing musharaka		<u>229,306</u>	<u>334,552</u>
9	RECEIVABLE AGAINST IJARAH RENTALS AND MAINTENANCE SERVICES			
	Considered doubtful			
	- Maintenance fee and allied equipments	9.1	4,275,537	4,275,537
			<u>10,194,320</u>	<u>10,194,320</u>
	Less: Provision against potential Ijarah losses		(14,469,857)	(14,469,857)
			<u>-</u>	<u>-</u>
9.1	This relates to discontinued operations.			

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

10	INVESTMENTS	<i>Note</i>	December 31, 2021	June 30, 2021
			(Un-audited)	(Audited)
			----- (Rupees) -----	
	At fair value through profit or loss			
	- Investments in listed equity securities	10.1	28,834,526	1,364,300

10.1 Investment in listed equity securities

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

Name of the investee company	As at December 31, 2021 (Un-audited)			
	Number of shares	Cost	Fair value	Unrealised gain / (loss) taken to profit and loss account
	----- (Rupees) -----			
Engineering				
Agha Steel Industries limited	73,500	2,324,198	1,923,495	(400,703)
Textile Weaving				
Ashfaq Textile Mills Limited	156,250	2,336,091	1,095,313	(1,240,778)
Refinery				
Cnergyico PK Limited	100,000	715,564	681,000	(34,564)
Textile Spinning				
Indus Dyeing & Manufacturing Company Limited	5,000	1,525,408	1,300,100	(225,308)
Sunrays Textiles Mills Limited	2,000	610,652	538,680	(71,972)
Power Generation & Distribution				
Nishat Chunion Power Limited	50,000	745,159	800,000	54,841
Transport				
Pakistan International Bulk Terminal Limited	160,000	1,486,654	1,177,600	(309,054)
Paper & Board				
Rooshan Packages Limited	70,000	2,371,264	1,371,300	(999,964)
Sugar & Allied Industries				
Sakrand Sugar Mills Limited	10,000	135,370	89,600	(45,770)
Shahtaj Sugar Mills Limited	25,500	1,588,498	1,356,600	(231,898)
Insurance				
Pakistan General Insurance Company Limited	394,000	1,714,084	1,382,940	(331,144)
Food & Personal Care Products				
Unity Foods Limited	10,000	445,200	264,700	(180,500)
Transport - Gem Board				
Universal Network Systems Limited	267,895	17,413,175	16,073,700	(1,339,475)
Cable & Electrical Goods				
Waves Singer Pakistan Limited	50,000	1,354,584	779,498	(575,086)
As at December 31, 2021		34,765,901	28,834,526	(5,931,375)

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

Name of the investee company	As at June 30, 2021 (Audited)			
	Number of shares	Cost	Fair value	Unrealised gain taken to profit and loss account
(Rupees)				
Food & Personal Care Products				
Unity Foods Limited	10,000	433,823	445,200	11,377
Power Generation & Distribution				
Saif Power Limited	15,000	259,454	260,100	646
Transport				
Pakistan International Bulk Terminal Limited	10,000	112,904	113,800	896
Cable & Electrical Goods				
Waves Singer Pakistan Limited	20,000	533,783	545,200	11,417
As at June 30, 2021		1,339,964	1,364,300	24,336

11 ADVANCES, DEPOSITS, PREPAYMENTS, OTHER ASSETS AND RECEIVABLES

	<i>Note</i>	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
(Rupees)			
Considered good			
Advances			
- to suppliers		-	863,360
- to employees against salary		-	6,000
- to broker		4,593,262	7,160,037
- to others		5,555,151	-
Advance against IPO investments		-	21,236,000
Receivable from Drekkar Kingsway Limited		29,569,664	-
Prepayments		750,716	495,255
Defined benefit plan - staff gratuity		1,333,640	1,333,640
Other deposits		40,899	40,899
Rent receivable		65,500	414,734
Profit receivable		22,310	405,004
Other receivables		2,342,063	236,053
Other asset	11.1	350,000	350,000
		44,623,205	32,540,982
Considered doubtful			
Other receivables			
- Terminated leases		6,242,260	6,242,260
- Miscellaneous amount recoverable		1,188,872	1,188,872
- Dividend receivable		16,275	16,275
- Receivable from brokers		22,422	22,422
- Receivable against sale of fuel		355,102	355,102
- Others		228,732	228,732
		8,053,663	8,053,663
Provision for impairment loss against doubtful receivables		(8,053,663)	(8,053,663)
		44,623,205	32,540,982

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

11.1 This amount represents scrap value of towers and allied equipments.

12 TAXATION - NET

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. During the year 2021, an Ordinance was passed on March 24, 2021 to amend certain provisions of tax laws. The amendments included omission of clause 100 of Part 1 of the Second schedule to the Income Tax Ordinance, 2001. As a result of omission of this clause, the tax exemption previously available to the Modaraba upon distribution of ninety percent of the profit for the year as reduced by the amount transferred to the statutory reserve is no longer available. Keeping in view the legal opinion obtained by the Modaraba Association of Pakistan, this withdrawal of exemption is effective from July 1, 2021. Accordingly, no tax was required to be paid by the Modaraba till June 30, 2021 and the entire amount has been recorded as recoverable till that date. As the income of the Modaraba is chargeable to tax with effect from July 1, 2021 the management has adjusted the amount of tax recoverable with the amount of future tax liability. The Modaraba has filed application for refund for each tax year in which withholding tax have been deducted.

13 DEFERRED TAXATION	<i>Note</i>	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
Deferred tax credits			
Receivable against ijarah		(2,172,496)	(2,172,496)
Receivable against ijarah rentals and maintenance service		(1,239,906)	(1,239,906)
Defined benefit asset - staff gratuity		(386,756)	(386,756)
Rent receivable and profit receivable		(25,465)	(237,724)
Towers and allied equipment		(46,215)	(41,495)
Property and equipment - own use		(275,788)	(275,303)
Property and equipment - right of use asset		(649,786)	-
Investment		-	(3,042)
Dividend receivable		(301,500)	-
		(5,097,912)	(4,356,722)
Deferred tax debits			
Diminishing musharaka		162,590	160,463
Provision against receivable against ijarah rentals		4,196,259	4,196,259
Investments		739,063	-
		5,097,912	4,356,722
Deferred taxation	13.1	-	-

13.1 Deferred tax assets have been recognised only to the extent of deferred tax liability and have not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the Modaraba can use the benefits therefrom.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees)	
Deferred tax debits		
Diminishing musharaka	1,624,475	1,104,726
Provision for impairment against Ijarah finance	11,739,472	11,739,472
Provision for impairment against murabaha finance	729,950	729,950
Provision against advances, deposits, prepayments	2,335,562	2,335,562
Provision for compensated absences	80,652	80,652
Provision for Workers Welfare Fund	273,572	245,206
Lease liability	626,528	-
	17,410,211	16,235,568

14 DISPOSAL GROUP / ASSETS HELD FOR SALE

In October 2021, management committed to a plan to dispose of a gas station (disposal group) and leasehold offices / premises (assets) in Karachi. Accordingly, that disposal group / asset is presented as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Efforts to sell the disposal group / asset have started and a sale is expected within a year.

As at 31 December 2021, the details of disposal group / assets are as follows:

	Note	December 31, 2021 (Unaudited) (Rupees)
Disposal group held for sale		
Lease hold land - fuel station	17	63,848,000
Building - fuel station	17	3,822,564
Security deposit		(130,000)
Assets held for sale		
Investment property	15	96,616,000
Office premises - lease hold	17	-
		164,156,564

15 INVESTMENT PROPERTY

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		(Rupees)	
Carrying amount - opening		96,616,000	72,090,400
Net gain from fair value adjustment		-	24,525,600
Reclassification of asset held for sale	14	(96,616,000)	-
Carrying amount - closing	15.1 & 15.2	-	96,616,000

15.1 The leasehold office premises (investment property) of the Modaraba were valued by an independent valuer Harvester Services (Private) Limited, as at June 30, 2021, on the basis of professional assessment of the market values.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

15.2 Forced sale value of the investment property was assessed at Rs. 82.124 million as at June 30, 2021.

16 LONG TERM INVESTMENTS	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
Investment in LSE Financial Service Limited	16.1	4,508,075	-
Advance against purchase of shares of LSE Financial Service Limited	16.2	<u>30,348,000</u>	<u>-</u>
		<u>34,856,075</u>	<u>-</u>

16.1 This represents investment made with the intention of establishing or maintaining a long-term operating relationship in LSE Financial Services Limited an unquoted Company by the Modaraba. The net asset value of the investment per share is Rs. 24.33 which has been calculated by reference to net assets of the LSE Financial Services Limited on the basis of audited financial statements for the year ended 30 June 2021 audited by Kreston Hyder Bhimji & Company Chartered Accountants.

16.2 This represents amount paid by the Modaraba in accordance with the agreement with the counterparty to buy 2,529,976 shares of LSE Financial Services Limited at the total consideration of Rs. 37,949,640. The shares will be transferred to the Modaraba once the 100% payment will be made in accordance with the agreement.

17 PROPERTY AND EQUIPMENT	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
Property and equipment - own use	17.1	<u>2,330,211</u>	<u>67,934,637</u>

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the half year ended December 31, 2021

17.1 Property and equipment - own use

	December 31, 2021 (Un-audited)								
	Lease hold land - fuel station	Right of Use Asset	Building - fuel station	Office premises - lease hold	Vehicles	Furniture and fixtures	Office Equipment	Computers	Total
	(Rupees)								
At July 01, 2021									
Cost	63,848,000	-	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	-	(4,436,918)	(963,178)	(34,692)	(1,900,929)	(3,383,699)	(2,388,488)	(13,107,904)
Net book value	63,848,000	-	3,962,556	-	7,808	103,898	12,375	-	67,934,637
Additions	-	2,602,036	-	-	-	-	-	-	2,602,036
Disposals/ transfers									
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Depreciation charge for the period	-	(361,394)	(139,992)	-	(4,250)	(18,822)	(11,440)	-	(535,898)
Reclassification of assets held for sale									
Cost	63,848,000	-	8,399,474	963,178	-	-	-	-	73,210,652
Depreciation	-	-	(4,576,910)	(963,178)	-	-	-	-	(5,540,088)
	63,848,000	-	3,822,564	-	-	-	-	-	67,670,564
Closing net book value	-	2,240,642	-	-	3,558	85,076	935	-	2,330,211
At December 31, 2021									
Cost	-	2,602,036	-	-	42,500	2,004,827	3,396,074	2,388,488	10,433,925
Accumulated depreciation	-	(361,394)	-	-	(38,942)	(1,919,751)	(3,395,139)	(2,388,488)	(8,103,714)
Net book value	-	2,240,642	-	-	3,558	85,076	935	-	2,330,211
Life (Years)	-	3	20	20	5	10	2 to 5	3	
	June 30, 2021 (Audited)								
	Lease hold land - fuel station	Right of Use Asset	Building - fuel station	Office premises - lease hold	Vehicles	Furniture and fixtures	Office Equipment	Computers	Total
	(Rupees)								
At July 01, 2020									
Cost	63,848,000	-	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	-	(4,016,942)	(963,178)	(26,196)	(1,860,850)	(3,342,228)	(2,388,488)	(12,597,882)
Net book value	63,848,000	-	4,382,532	-	16,304	143,977	53,846	-	68,444,659
Additions	-	-	-	-	-	-	-	-	-
Disposals/ transfers									
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Depreciation charge for the period	-	-	(419,976)	-	(8,496)	(40,079)	(41,471)	-	(510,022)
Closing net book value	63,848,000	-	3,962,556	-	7,808	103,898	12,375	-	67,934,637
At June 30, 2021									
Cost	63,848,000	-	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	-	(4,436,918)	(963,178)	(34,692)	(1,900,929)	(3,383,699)	(2,388,488)	(13,107,904)
Net book value	63,848,000	-	3,962,556	-	7,808	103,898	12,375	-	67,934,637
Life (Years)	-	-	20	20	5	10	2 to 5	3	

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

18 CREDITORS, ACCRUED AND OTHER LIABILITIES	<i>Note</i>	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		(Rupees)	
Accrued liabilities		5,745,817	5,067,882
Charity and donation		66,235	65,456
Payable to provincial government	18.1	10,230	12,575
Payable to AssetPlex Modaraba Management		22,857,180	-
Payable to Drekkar Kingsway Limited		6,359,204	-
Others		1,294,833	954,587
Ijarah rental received in advance		122,257	123,246
		36,455,756	6,223,746

- 18.1 The Modaraba Management Company is entitled to a remuneration for services rendered to Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of Modaraba.

The Management Company has waived the management fees for the current period. Accordingly, no provision for the same has been made in these condensed interim financial statements. However, the Modaraba has accrued Sindh Services Sales Tax on a notional amount of management fees calculated at 0.1% of the net profit for the period.

19 AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		(Rupees)
19.1 Authorised certificate capital		
Authorised certificate capital 80,000,000 (June 30, 2021: 30,000,000) Modaraba certificates of Rs.10 each	800,000,000	300,000,000
19.2 Issued, subscribed and paid-up certificate capital		
Modaraba Certificates of Rs. 10 each fully paid in cash	135,690,000	135,690,000
Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	46,884,000	46,884,000
Modaraba Certificates of Rs. 10 each issued on merger	1,665,450	1,665,450
Modaraba Certificates of Rs. 10 each issued as fully paid right issue certificates	144,560,950	-
	328,800,400	184,239,450

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There were no contingencies as at December 31, 2021 and June 30, 2021 other than as explained below:

The Additional Commissioner of Income Tax (ACIT) amended the assessment for the tax year 2007, dismissing the exemption claimed by the Modaraba on the contention of non distribution of profit as per the provisions of the respective tax laws and created tax demand of Rs. 1.93 million. The Modaraba filed an appeal against the said order with the Commissioner of Income Tax (CIT) who in his order maintained the treatment of ACIT. The second appeal filed against the said order with the Appellate Tribunal Inland Revenue (the Tribunal) was also decided against the Modaraba. The Modaraba filed an application with the Tribunal for a review, which has also been decided against the Modaraba during the year ended June 30, 2017. The Modaraba has filed a second review application with the Tribunal and a reference in the High Court of Sindh. As at December 31, 2021 the application is pending for hearing before the High Court of Sindh. The management based on the advice of its legal counsel is hopeful for a favorable outcome and therefore, no provision has been made in these condensed interim financial statements.

20.2 Commitments

There were no commitments outstanding as at December 31, 2021 and June 30, 2021.

21 PROFIT FROM OPERATIONS OF FUEL STATION

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Un-audited) ----- ----- (Rupees) -----					
Income					
Sale of fuel	21.1	154,443,993	117,786,150	85,872,841	55,437,582
Cost of sales		(150,093,265)	(113,536,252)	(83,511,054)	(53,533,678)
		4,350,728	4,249,898	2,361,787	1,903,904
Rental income	21.2	922,000	860,900	500,000	431,900
		5,272,728	5,110,798	2,861,787	2,335,804
Expenses					
Salaries and allowances		1,486,127	1,374,403	752,742	681,406
Generator fuel		86,175	69,330	54,645	10,018
Depreciation		141,144	218,356	105,570	107,010
Electricity		171,825	194,262	79,084	99,252
Repairs and maintenance		741,816	352,030	418,149	184,560
Printing and stationery		19,202	9,999	14,407	3,599
Security guards		284,800	371,700	146,200	138,600
Insurance		43,668	54,961	21,834	27,517
Telephone		12,366	13,686	6,179	7,841
Rent, rates & taxes		120,955	124,926	62,793	62,643
Miscellaneous		154,375	95,799	89,757	56,993
		3,262,453	2,879,452	1,751,360	1,379,439
		2,010,275	2,231,346	1,110,427	956,365

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For the half year ended December 31, 2021

21.1 Income relates to the operation of petrol and diesel filling / service station which was started from October 03, 2010 under a retailer agreement with an oil marketing company (the Company). In accordance with the agreement, the Company has granted the right to the Modaraba to operate the fuel station and deal exclusively in petroleum products of the Company on a predetermined margin.

21.2 The amount represents rent earned in respect of the plot of land used for fuel station under a lease deed dated August 13, 2009 with the Company. Initial term of the rent agreement is for fifteen years. The amount also includes rental income earned from operation of tuck shop and car wash facility.

22 ADMINISTRATIVE AND OPERATING EXPENSES

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Un-audited) -----			
	----- (Rupees) -----			
Salaries, allowances and other benefits	1,818,444	750,226	1,054,125	369,696
Rent, rates and taxes	322,760	40,820	289,380	18,915
Depreciation	394,754	40,470	15,788	20,235
Fuel and conveyance	86,871	67,430	49,141	32,648
Repairs and maintenance	224,084	148,041	82,320	68,794
Legal and professional	8,804,308	882,971	1,803,463	435,760
Electricity	119,324	104,839	57,812	36,086
Telephone	94,478	79,521	49,006	39,422
Entertainment	84,790	19,678	68,201	10,270
Insurance	47,718	47,412	23,859	23,706
Printing and stationery	282,577	241,888	151,219	118,731
Auditors' remuneration	518,505	432,114	302,451	270,557
Subscription	236,479	226,260	1,544,934	119,487
Registrar services	162,125	132,302	65,850	89,927
Postage	71,308	56,337	37,740	28,403
Advertisement	294,619	60,600	172,219	(15,300)
Others	724,046	78,724	358,075	12,124
Finance cost on right of use asset	8,408	-	-	-
	14,295,598	3,409,633	6,125,583	1,679,461

23 WORKERS' WELFARE FUND

This represents charge in respect of Workers' Welfare Fund recognised in line with the requirements of Sindh Workers' Welfare Fund Act, 2014.

24 TAXATION

24.1 The provision in respect of current tax and deferred tax has been made in these condensed interim financial statements due to the omission of clause 100 of Part 1 of the Second schedule to the Income Tax Ordinance, 2001, as more fully explained in note 12 to these condensed interim financial statements.

24.2 The income tax returns of the Modaraba have been filed upto the financial year ended June 30, 2021 which are deemed assessed under the Income Tax Ordinance, 2001, unless selected for audit by the taxation authorities.

Modaraba Al-Mali

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended December 31, 2021

	<i>Note</i>	December 31, 2021	December 31, 2020
		----- (Unaudited) -----	----- (Unaudited) -----
		----- (Rupees) -----	----- (Rupees) -----
For the year			
- Current		4,833,290	405,333
- Deferred	13.1	-	-
		<u>4,833,290</u>	<u>405,333</u>
Relationship between tax expense and accounting profit			December 31, 2021 (Unaudited) (Rupees)
Accounting profit before tax			<u>4,889,927</u>
Tax on accounting profit at the rate of 29% (2020: 29%)			1,418,079
Effect of income exempt from tax or taxed at reduced rate			(3,453,449)
Permanent differences			4,728,459
Unrecognised deferred tax			1,174,643
Others			965,558
			<u>4,833,290</u>

25 EARNINGS PER CERTIFICATE

Basic earnings per certificate is worked out as under:

	<i>Note</i>	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- (Unaudited) -----			
		----- (Rupees) -----			
Profit / (loss) for the period		<u>56,637</u>	<u>5,005,784</u>	<u>(10,667,602)</u>	<u>2,361,467</u>
Weighted average number of ordinary certificates outstanding during the period		<u>22,011,376</u>	<u>19,219,925</u>	<u>22,011,376</u>	<u>19,219,925</u>
Earnings / (loss) per certificate					
- basic & diluted	25.1	<u>0.003</u>	<u>0.260</u>	<u>(0.480)</u>	<u>0.120</u>

25.1 Diluted earnings per certificate has not been presented as the Modaraba did not have any convertible instruments in issue as at December 31, 2021 and December 31, 2020 which would have any effect on the earnings per certificate if the option to convert is exercised.

26 RELATED PARTY TRANSACTIONS

The related parties comprise of the Management Company, major certificate holders and their family members, directors of the Modaraba and the 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. Transactions with related parties are at terms determined in accordance with the agreed rates.

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For the half year ended December 31, 2021

Details of transaction with related parties and balances with them at the period end, other than which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

Name of the related party	Relationship	Balances as at period end	December 31, 2021	
			(Unaudited)	June 30, 2021 (Audited)
Balances			(Rupees)	
AssetPlex Modaraba Management	Management Company	Payable to AssetPlex Modaraba Management	<u>22,857,180</u>	<u>-</u>
Drekkar Kingsway Limited	Common Directorship	Receivable from Drekkar Kingsway Limited	<u>29,569,664</u>	<u>-</u>
		Payable to Drekkar Kingsway Limited	<u>6,359,204</u>	<u>-</u>
Name of the related party	Relationship	For the period ended	For the six months period ended	
			December 31, 2021	December 31, 2020
Transactions			(Rupees)	
AssetPlex Modaraba Management	Management Company	Service sales tax on management fees	<u>648</u>	<u>773</u>
Staff provident fund	Defined contribution plan	Contribution for the period	<u>116,891</u>	<u>44,211</u>
Staff gratuity fund	Defined benefit plan	Contribution for the period	<u>5,292</u>	<u>10,834</u>

27 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. Consequently, differences can arise between carrying values and the fair value.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Modaraba.

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 regularly.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

The Modaraba's accounting policy on fair value measurements of investments is disclosed in note 3.12 to the annual audited financial statements for the year ended 30 June 2021. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.
- Level 2: Fair value measurements using 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 (ie, derived from prices), or indirectly (ie, derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs). The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

The following table shows the carrying amounts and fair values of financial assets, non-financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value:

On-balance sheet financial instruments

December 31, 2021 (Unaudited)	Note	Carrying amount				Total	Fair value			Total
		Financial assets 'at amortised cost'	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through other comprehensive income'	Financial liabilities measured at amortised cost		Level 1	Level 2	Level 3	
(Rupees)										
Financial assets measured at fair value										
Investments	10.1	-	28,834,526	-	-	28,834,526	28,834,526	-	-	28,834,526
Long term Investments		-	4,508,075	-	-	4,508,075	-	-	4,508,075	4,508,075
Non-financial assets measured at fair value										
Assets held for sale - investment property	14		96,616,000	-	-	96,616,000	-	-	96,616,000	96,616,000
Financial assets not measured at fair value										
Advances and other receivables	11	36,983,698	-	-	-	36,983,698				
Ijarah finance	6	3,755,007	-	-	-	3,755,007				
Diminishing musharaka	8	2,058,596	-	-	-	2,058,596				
Cash and bank balances	5	150,384,595	-	-	-	150,384,595				
		<u>193,181,896</u>	<u>129,958,601</u>	<u>-</u>	<u>-</u>	<u>323,140,497</u>				
Financial liabilities not measured at fair value										
Lease liability		-	-	-	2,160,443	2,160,443				
Unclaimed profit distribution		-	-	-	10,359,580	10,359,580				
Deposits, accrued and other liabilities	18	-	-	-	35,150,693	35,150,693				
Current portion of security deposits		-	-	-	3,762,138	3,762,138				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>51,432,854</u>	<u>51,432,854</u>				

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the half year ended December 31, 2021

June 30, 2021 (audited)	Note	Carrying amount				Total	Fair value			Total
		Financial assets 'at amortised cost'	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through other comprehensive income'	Financial liabilities measured at amortised cost		Level 1	Level 2	Level 3	
(Rupees)										
Financial assets measured at fair value										
Investments	10.1	-	1,364,300	-	-	1,364,300	1,364,300	-	-	1,364,300
Non-financial assets measured at fair value										
Assets held for sale - investment property	14	-	96,616,000	-	-	96,616,000	-	-	96,616,000	96,616,000
Financial assets not measured at fair value										
Advances and other receivables	11	8,256,727	-	-	-	8,256,727				
Ijarah finance	6	3,755,007	-	-	-	3,755,007				
Diminishing musharaka	8	4,190,176	-	-	-	4,190,176				
Cash and bank balances	5	53,350,982	-	-	-	53,350,982				
		<u>69,552,892</u>	<u>97,980,300</u>	<u>-</u>	<u>-</u>	<u>167,533,192</u>				
Financial liabilities not measured at fair value										
Lease liability		-	-	-	-	-				
Unclaimed profit distribution		-	-	-	9,649,240	9,649,240				
Deposits, accrued and other liabilities	18	-	-	-	5,256,584	5,256,584				
Current portion of security deposits		-	-	-	3,762,138	3,762,138				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>18,667,962</u>	<u>18,667,962</u>				

28 SUBSEQUENT EVENT

28.1 On February 12, 2022, the Board of Directors of the Management Company in their meeting on behalf of the Modaraba has decided to pursue and conclude the modalities of the merger of the Modaraba with / into LSE Financial Service Limited (to be renamed as LSE Ventures) including the swap ratio etc., and take steps to seek the requisite corporate, regulatory and court approvals in this regard.

29 GENERAL

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

29.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant reclassifications have been made during the half year.

30 DATE OF AUTHORISATION FOR ISSUE

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

Chief Financial Officer

Chief Executive Officer

Director

Director