
Modaraba Al-Mali

STATEMENT OF COMPLIANCE (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Modaraba Al-Mali For the Year ended June 30, 2022

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

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

| | Nos. | | Nos. |
|-------------------------|------|--------------------|------|
| Executive Directors | 02 | Male Directors | 06 |
| Non-Executive Directors | 03 | Female Director(s) | 01 |
| Independent Directors | 02 | | |

The number of independent directors appointed is less than the number prescribed by the Regulations i.e., at least two or $\frac{1}{3}$ members of the Board, whichever is higher and is not rounded up as one.

2. The composition of board is as follows:

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

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

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8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board of the Management Company was reconstructed during the year and the newly appointed directors are required to obtain, the directors training program certification within a period of one year from the date of appointment as a director. The period of one year has not lapsed yet and the management is currently in process of arranging the training program for the newly appointed directors.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The board has formed committees comprising of members given below:

| 1. Audit Committee | | 2. Human Resource and Remuneration Committee | |
|---------------------------|-----------|-----------------------------------------------------|-----------|
| Mr. Hussain Ahmed Ozgen | Chairman | Mr. Hussain Ahmed Ozgen | Chairman |
| Mr. Muhammad Usman | Member | Mr. Siddique Ur Rehman Khurram | Member |
| Mr. Usman Hassan | Member | Mr. Muhammad Usman | Member |
| Mr. Mansoor Ahmed | Secretary | Mr. Rashid Matin Khan | Secretary |

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

13. The terms of reference of the Board audit committee and Human Resource and Remuneration committee have been formed, documented, and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as follows:
 - i. Audit Committee: Four quarterly meetings
 - ii. HR and Remuneration Committee: One annual meeting
 - iii. Risk Management Committee: No meeting held during the year
 - iv. Nomination Committee: No meeting held during the year
15. The Board has outsourced the internal audit function to M/s Junaidy Shoaib Asad Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba Management Company.
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are

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in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Modaraba and its Management Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 except for regulations 6(1) and 27(5) of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| S. No. | Requirement | Explanation for Non -Compliance | Regulation No. |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1 | Board of directors are responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies. Also, do the board undertake at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. | The Board has not formalized and published any policy in respect of risk management. However, when a situation / transaction arises which requires them to undertake the review of business risks, the Board analyzes the related risk and decision is made considering the relevant factors which might impose threats to the entity. Furthermore, the Board has implemented proper governance structure and ensures that the management maintains a sound system for identification of risks. | 10(2) |
| 2 | The Board of the company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. | The Board has adopted a policy of formal evaluation, but no evaluation was conducted during the year. Since the Board, has not completed a full year due to reconstitution, therefore annual evaluation of directors was not conducted. | 10(3)(v) |
| 3 | The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and company's Articles of Association, their remuneration and entitlement. | No letter was issued to the directors as all the directors are experienced and are well aware of their role, obligations, powers and responsibilities in accordance with the Act and the Modaraba's Articles of Association. Moreover, their remuneration was discussed in the meeting of the board. | 10(5) |

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| S. No. | Requirement | Explanation for Non -Compliance | Regulation No. |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 4 | The Chairman shall ensure that minutes of the meetings of the Board are kept in accordance with the requirements of section 178 and 179 of the Companies Act, 2017. | Section 178(4) of the Companies Act, 2017 require that draft minutes of meeting of board shall be furnished to every director within fourteen days of the date of meeting. The minutes were not circulated, however, the same were discussed in the next meeting and approved by the Board. | 12(1) |
| 5 | <p>Head of Internal Audit</p> <p>a) has three years of relevant experience in audit or finance or compliance function and is a member of the Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan or;</p> <p>b) has five years of relevant experience in audit or finance or compliance function; and</p> <p>i. is a Certified Internal Auditor; or</p> <p>ii. is a Certified Fraud Examiner; or</p> <p>iii. is a Certified Internal Control Auditor; or</p> <p>iv. has a post graduate degree in business, finance from a university or equivalent recognized and approved by the HEC and is a member of a professional body relevant to such qualification, if applicable or;</p> <p>c) has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the HEC. The SECP, on application from the company, shall determine the suitability of such candidate</p> | The coordinator appointed by the board have completed his post-graduate degree except the submission thesis subject to which the degree shall be issued. The operations of Modaraba and its Management Company are limited and the management believes that the coordinator presently appointed is competent to perform the duties. | 23 |

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| S. No. | Requirement | Explanation for Non -Compliance | Regulation No. |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 6 | <p>The names of Members of board committees shall be disclosed in each Directors' Report of the listed company and companies may post brief synopsis of TORs of such committees on their website.</p> <p>The Directors in their report to members state the remuneration policy of non -executive directors including independent directors, as approved by the board of directors.</p> | <p>Under the Modaraba Companies and Modaraba Rules, 1981, the modarabas are managed by the management company which manage the operations of the Modaraba. Accordingly, the board of directors along with their remuneration policy is decided by the Management Company. The Modaraba Management Company has disclosed the said policy in its annual report.</p> | 34(2) |
| 7 | <p>The company's Annual Report shall contain details of aggregate amount of remuneration separately of executive and non - executive directors, including salary/fee, perquisites, benefits and performance -linked incentives etc. and companies may provide aforesaid details of remuneration of individual directors in annual report</p> | <p>Under the Modaraba Companies and Modaraba Rules, 1981, the modarabas are managed by the management company which manage the operations of the Modaraba. Accordingly, the board of directors along with their remuneration is decided by the Management Company. During the year, no remuneration was paid by Modaraba to the directors.</p> | 34(3) |

-Sd-

Usman Hassan

Chairman

Dated: October 04, 2022

Lahore

INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AssetPlex Limited, the Modaraba Management Company of Modaraba Al-Mali (the Modaraba) for the year ended 30 June 2022, in accordance with the requirements of regulation 36 of the aforesaid Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba Management Company for the year ended 30 June 2022.

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

| S. No. | Paragraph reference | Description |
|--------|---------------------|-------------|
|--------|---------------------|-------------|

- | | | |
|----|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | 1 | The number of independent directors appointed is less than the number prescribed by the Regulations i.e., at least two or 1/3 members of the Board, whichever is higher and is not rounded up as one. |
| 2. | 7 | The Board has not complied with the requirements of the Regulations with respect to circulation of minutes of the meetings of audit committee. |

Lahore
Date: 20 October 2022

KPMG Taseer Hadi & Co.
Chartered Accountants

UDIN: CR202210089md5exPyaL