

**LSE Financial Services
Limited**

FOR THE YEAR ENDED JUNE 30, 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LSE FINANCIAL SERVICES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **LSE FINANCIAL SERVICES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the Matter was Addressed in our Report
Scheme of Arrangement and Reconstruction of the Companies	
<p>Refer to note 5 of the financial statements.</p> <p>A scheme of arrangement and reconstruction was formulated pursuant to the provisions of Section 279 to 285 of the Companies Act, 2017. This scheme affected LSE Capital Limited [formerly Bank Islami Modaraba Investments Limited], Modaraba Al-Mali, LSE Proptech Limited and the Company. Pursuant to the Scheme, the Company was listed on Pakistan Stock Exchange and it obtained certain investments in Digital Custodian Company Limited [DCCL] and LSE Capital Limited.</p> <p>The aforementioned scheme was approved by the Honorable Lahore High Court, Lahore under court order no. 78278/2023 dated April 03, 2024.</p> <p>We identified this transaction as the key audit matter due to its materiality and the importance of the matter to intended users' understanding of the financial statements as a whole.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained and reviewed the court order and related documentation of scheme of arrangement. • Discussed with the management as to how the scheme of arrangement has been complied with and books of accounts streamlined to affect the resultant transaction / balances. • Reviewed the schedule of transfer of designated assets and assessed whether the transferred designated assets have been incorporated appropriately in the Company. • Checked the underlying accounting records and relevant entries to ensure accuracy and compliance with the scheme. • Assessed the adequacy of the disclosures in the financial statements and appropriateness of management's assumptions and estimates.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the

requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

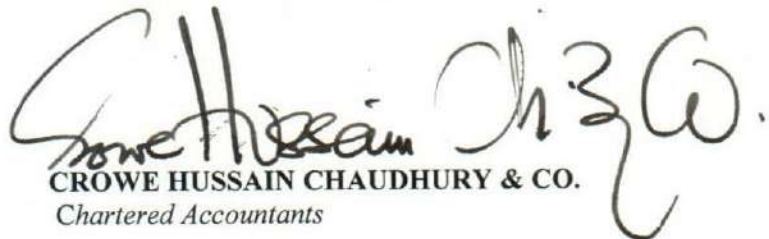
Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Lahore
Dated: November 04, 2024
UDIN: AR202410051rgcRZyxba


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees in thousands	
ASSETS			
Non Current Assets			
Operating fixed assets	6	-	-
Investment in associates	7	371,900	-
Deferred tax asset	8	-	7,284
Loans to director	9	9,657	-
Long term deposits	10	15,009	25,009
		396,566	32,293
Current Assets			
Financial assets	11	59,589	363,648
Receivables, advances and prepayments	12	22,767	19,051
Tax refunds due from the Government - net	13	42,049	44,319
Bank balances	14	23,443	51,844
		147,848	478,862
		<u>544,414</u>	<u>511,155</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
111,900,000 (2023: 52,000,000) ordinary shares of Rs. 10 each	15	<u>1,119,000</u>	<u>520,000</u>
Issued, subscribed and paid-up share capital	15	356,776	100,000
Share premium	16	31,355	-
Unappropriated profit		65,604	718
Total Equity		<u>453,735</u>	<u>100,718</u>
Non-Current Liabilities			
Long term financing	17	1,924	3,848
Deferred tax liability	8	4,858	-
		6,782	3,848
Current Liabilities			
Payables and other liabilities	18	69,885	390,592
Current portion of long term financing	17	2,020	1,924
		71,905	392,516
Deposits payable related to discontinued operations	19	11,992	14,073
Contingencies and Commitments	20	-	-
		<u>544,414</u>	<u>511,155</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	Rupees in thousands (Restated)	
Revenue	21	39,348	54,299
Operating Expenses			
Administrative and general expenses	22	(54,485)	(56,313)
Other operating expenses	23	-	(16,585)
Operating Loss		(15,137)	(18,599)
Other income	24	20,386	15,552
Finance cost	25	(5,871)	(271)
Share of post tax profits of associates	7.1	79,511	37,362
Profit before Levy and Taxation		78,889	34,044
Levy / final taxation	26	(3,120)	(18,964)
Profit before Taxation		75,769	15,080
Taxation	26	(14,501)	(14,044)
Net Profit for the Year		<u>61,268</u>	<u>1,036</u>
Earnings Per Share - Basic and Diluted	27	<u>1.72</u>	<u>0.07</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	Rupees in thousands	
Net Profit for the Year	61,268	1,036
Other Comprehensive Income for the Year		
<i>Items that may be reclassified to profit or loss subsequently</i>	-	-
<i>Items that may not be reclassified to profit or loss</i>		
Share of other comprehensive income of associates	4,257	5,698
Less: Tax impact	(639)	(855)
	3,618	4,843
Total Comprehensive Income for the Year	<u>64,886</u>	<u>5,879</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share Capital	Share Premium	Surplus on Revaluation of Property and Equipment	Revenue Reserves		Total	Total Equity
				Building Reserve	Unappropriated Profit		
Balance as at June 30, 2022	1,795,979	-	774,569	3,829	917,101	920,930	3,491,478
Profit for the year	-	-	-	-	1,036	1,036	1,036
Other comprehensive income	-	-	-	-	4,843	4,843	4,843
Total comprehensive income for the year	-	-	-	-	5,879	5,879	5,879
Associate equity adjustment	-	-	-	-	24,376	24,376	24,376
Transferred to building reserve	-	-	-	1,261	(1,261)	-	-
Amount collected from building occupants for fixed assets replacement fund	-	-	-	4,145	-	4,145	4,145
Transferred to retained earnings on account of incremental depreciation - net of tax	-	-	(1,326)	-	1,326	1,326	-
Transactions with owner:							
Adjustments / transfers as per scheme of demerger	(1,695,979)	-	(773,243)	(9,236)	(946,702)	(955,938)	(3,425,160)
Balance as at June 30, 2023	100,000	-	-	-	718	718	100,718
Profit for the year	-	-	-	-	61,268	61,268	61,268
Other comprehensive income	-	-	-	-	3,618	3,618	3,618
Total comprehensive income for the year	-	-	-	-	64,886	64,886	64,886
Transactions with owner:							
Adjustments / Transfers as per scheme of merger	256,776	31,355	-	-	-	-	288,131
Balance as at June 30, 2024	356,776	31,355	-	-	65,604	65,604	453,735

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees in thousands	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	28	11,143	7,493
Finance cost paid		(256)	(310)
Income tax paid		(3,848)	(42,754)
Net Cash Generated from / (Used in) Operating Activities		7,039	(35,571)
Cash Flows from Investing Activities			
Operating fixed assets purchased	6	(332)	(2,902)
Proceeds from disposal of fixed assets	6	-	331
Net investment in finance lease - rentals		-	66
Investments matured / (made) during the year		304,059	214,984
Long term deposits matured / (paid)	10	10,000	(21,035)
Dividend received		-	16,098
Net Cash Generated from Investing Activities		313,727	207,542
Cash Flows from Financing Activities			
Dividend paid		-	(54,412)
Long term financing paid	17	(1,828)	(2,022)
Loan (returned) / received for MTS investment	18	(319,432)	316,525
Loan to director	9	(35,616)	-
Receipt from director	9	7,709	-
Transfer to group concerns as per scheme		-	(479,255)
Building reserve		-	4,145
Net Cash Used in Financing Activities		(349,167)	(215,019)
Net Decrease in Cash and Cash Equivalents		(28,401)	(43,048)
Cash and Cash Equivalents at the beginning of the year		51,844	94,891
Cash and Cash Equivalents at the End of the Year	14	23,443	51,844

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

LSE FINANCIAL SERVICES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Note 1

Legal Status and its Nature of Business

LSE Financial Services Limited ("the Company") was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the repealed Companies Act, 1913 (now the Companies Act, 2017) on October 05, 1970 as a Company limited by guarantee. The Company was re-registered as a public unlisted Company limited by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. Securities and Exchange Commission of Pakistan ("the Commission") vide its notification dated August 25, 2015 directed integration of the stock exchanges in the country. Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations and was granted a license by the Commission on January 11, 2016 to operate as an investment finance services company under the name LSE Financial Services Limited.

The Company was listed on Pakistan Stock Exchange Limited ("PSX") and its share started trading on May 31, 2024 consequent to the scheme of arrangement, partial merger with LSE Capital Limited, through Merger Order of Honorable High Court dated April 03, 2024.

The Head office / Registered Office of the Company is located at 19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan.

The JCR-VIS Credit Rating Company Limited reaffirmed long term and short term credit ratings of the Company as "A" and "A-1" respectively with stable outlook on March 08, 2024.

Note 2

Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, and the NBFC Regulations have been followed.

2.2 Changes in accounting standards, interpretations and pronouncements

2.2.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

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Note 2, Basis of Preparation - Continued...

Standard or Interpretation	Effective Date - Annual Periods	Beginning on or After
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies	January 1, 2023
IAS 8	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
IAS 12	Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 1, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under 'IAS 37 Provisions, Contingent Liabilities and Contingent Assets' which were previously being recognised as 'Income tax'.

The Company has accounted for the effects of these changes in its accounting policy retrospectively under 'IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting
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-----Rupees in thousands-----

Effect on statement of profit or loss

For the year ended June 30, 2024

Tax on dividends on investments and minimum tax	-	3,120	3,120
Profit before taxation	78,888	(3,120)	75,768
Taxation	(17,621)	3,120	(14,501)
	61,267	-	61,267
Profit after taxation	61,267	-	61,267

For the year ended June 30, 2023

Tax on dividends on investments and minimum tax	-	18,964	18,964
Profit before taxation	34,044	(18,964)	15,080
Taxation	(33,008)	18,964	(14,044)
	1,036	-	1,036
Profit after taxation	1,036	-	1,036

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax and earning per share, basic and diluted.

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Note 2, Basis of Preparation - Continued...

2.2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation		Effective Date - Annual Periods
		Beginning on or After
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Amendments to IAS 7 "Statement of Cash Flows"	January 1, 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 1, 2024
IFRS 7	Amendments to IFRS 7 "Financial Instruments Disclosures" - Supplier Finance Arrangements	January 1, 2024
IFRS 7 & 9	Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 1, 2024

The Company is in process to assess the impact of these amendments.

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024:

IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'
IFRS 1	First Time Adoption of IFRS
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-Related Disclosures

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Investment in associates	Note - 7	Stated at equity method
Long term loan to directors	Note - 9	Stated at amortised cost
Financial assets - Equity instruments	Note - 11	Stated at amortised cost

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Note 2, Basis of Preparation - Continued...

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Investment in associates under equity method - Note 3.1 & 7
- Financial assets - Note 3.4 & 11
- Provision against receivables - Note 3.3 & 12
- Estimation of provisions and contingent liabilities - Note 4.2, 20 & 4.1
- Estimation of Current income tax expense, provision for current tax and recognition of deferred tax asset / liabilities - Note 3.2, 8, 14 & 26

Revisions to accounting estimates (if any) are recognized in the period in which the estimate are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 3

Material Accounting Policy Information

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'Significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Investments accounted for using the equity method

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of investment. When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee company. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

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Note 3, Material Accounting Policy Information - Continued...

3.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the year end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior period exceeds the amount due to those periods the excess recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFIRC 21 / IAS 37. Further, the Company also charges tax expense under levy when tax is calculated under final tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

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Note 3, Material Accounting Policy Information - Continued...

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Sundry and other receivables

Measurement

Trade receivables are recognized and carried at original invoice value less an allowance for impairment. Bad debts are written off when identified.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in statement of profit or loss. Bad debts are charged in statement of profit or loss on identification.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.4.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

a) Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

b) Initial recognition and measurement

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable that are initially measured at the transaction price.

c) Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method (EIR). The amortized cost is reduced by impairment losses, if any. Interest income and impairment are recognized in statement of profit or loss.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to statement of profit or loss.

d) Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in statement of profit or loss.

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Note 3, Material Accounting Policy Information - Continued...

e) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For the credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, the Company applies a simplified approach in calculating ECLs and recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the receivables and the economic environment.

3.4.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include payables, loans or borrowings and accrued mark up etc.

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. Difference between the carrying amount and consideration paid is recognized in profit or loss when the liabilities are derecognized.

Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.5 Impairment of non-financial assets

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The Company recognizes the reversal immediately in statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model.

3.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

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Note 3, Material Accounting Policy Information - Continued...

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

3.7 Long term deposits

Deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date. Initially they are recognized at fair value and subsequently stated at amortized cost.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flows statement, cash and cash equivalents comprise cash in hand, savings accounts and current accounts.

3.9 Payables and other liabilities

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Company.

3.10 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and its related parties are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company to not to do so.

3.11 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue as follow:

Funds management fee

Income from trusts operations is recognized on the basis of average monthly net asset value of the funds.

Return on MTS investments and fixed income securities

Return on MTS investments and fixed income securities is recognized on a time proportionate basis over the term of the investments that takes into account the EIR method.

Dividend income

Dividend income is recognized in statement of profit or loss on accrual basis in case of cumulative preference shares and at the time dividend is declared in case of ordinary shares.

Other income

Other income, if any, is recognized on accrual basis.

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Note 3, Material Accounting Policy Information - Continued...

3.12 Return on Bank Deposits

Return on bank deposits is recognized and recorded on an accrual basis, reflecting the income as it is earned rather than when it is received.

3.13 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions. The CEO has determined that the Company operates as a single reporting segment.

3.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.15 Interest free loans to employees

The Company provides interest free loans to its employees for various purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as expense in statement of profit or loss. The loan is subsequently measured at amortized cost with respective finance income to be recorded in profit or loss. In addition, the deferred employee benefit is fully expensed in the statement of profit and loss at the time of initial recognition.

Note 4

Summary of Other Accounting Policies

Other accounting policies which do not have significant impact on financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.1 Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.2 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.3 Dividend distributions

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.

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Note 5

Scheme of Arrangement and Reconstruction

The Company entered into a Scheme of Compromises, Arrangements and Reconstruction for Amalgamation / Merger (the Scheme) with the following companies:

1. LSE Capital Limited (LSECAP)
2. Modaraba Al-Mali (MODAM)
3. LSE Proptech Limited (LSEPL)

Silent Features of the Scheme:

- a. The Company shall be listed on PSX by virtue of merger of MODAM's listing status (as a transferor) with and into the Company (as a transferee).
- b. Shares of Digital Custodian Company Limited shall be transferred (partially) to the Company by LSECAP.
- c. The Company will get shares of LSECAP (as an additional share capital).
- d. The Company will issue shares otherwise than in cash to the shareholders of LSECAP and certificate holders of MODAM as consideration for partial transfer of assets.
- e. The authorized share capital of the Company will increase from Rs. 520,000,000 to Rs. 1,119,000,000.
- f. The proposed merger and listing status will provide broad shareholders' base which will be conducive in fund raising, if required, from capital market.
- g. The Company shall continue to operate under the ambit of NBFC Rules and Regulations, and will continue to hold the license of investment finance services (IFS). Moreover, the Company shall continue to comply within the restrictions and requisite requirements placed by Integration Order 1/2016 by the Commission under Stock Exchange (Corporatization, Demutualization and integration) Act, 2012.

The Company presented and obtained the approval of the board of directors and shareholders in their meetings held on November 23, 2023 and filed said petition under sections 279, 280, 282 read with 285 (8) of the Companies Act, 2017. The Court approved this Scheme vide order 78278/2023 dated April 03, 2024.

5.1 In summary, the merger transaction is reflected in these financial statements as follows:

	Number of shares	Rupee in thousands
Shares issued to shareholders of LSECAP	19,771,736	217,261
Shares issued to certificate holders of MODAM	5,905,842	70,870
Increase in share capital	<u>25,677,578</u>	<u>288,131</u>
Shares of Digital Custodian Company Limited obtained from LSECAP	18,817,917	188,131
Shares issued by LSECAP	<u>10,000,000</u>	<u>100,000</u>
	<u>28,817,917</u>	<u>288,131</u>

5.1.1 Pursuant to the Scheme, the Company was listed on Pakistan Stock Exchange on May 31, 2024.

5.1.2 The Company issued shares under this Scheme for consideration otherwise than in cash.

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Note 5, Scheme of Arrangement and Reconstruction - Continued...

The impact of merger adjustments on the financial statements, is summarized as under:

LSE Financial Services Limited	Before Merger	Merger Adjustments	After Merger	As At June 30, 2024
	----- Rupees in thousands -----			
Operating fixed assets	307	-	307	-
Investment in associates	-	288,131	288,131	371,900
Deferred tax asset	7,042	-	7,042	-
Long term loans and advances	10,368	-	10,368	9,657
Long term deposits	15,009	-	15,009	15,009
Financial assets	147,174	-	147,174	59,589
Trade and other receivables	14,071	-	14,071	22,767
Other assets	-	-	-	-
Advances and prepayments	36,133	-	36,133	-
Tax refunds due from the Government - net	41,756	-	41,756	42,049
Bank balances	29,235	-	29,235	23,443
	<u>301,095</u>	<u>288,131</u>	<u>589,226</u>	<u>544,414</u>
Issued, subscribed and paid-up share capital	100,000	256,776	356,776	356,776
Share premium	-	31,355	31,355	31,355
Unappropriated profit	(3,671)	-	(3,671)	65,604
Long term financing	1,924	-	1,924	1,924
Deferred tax liability	-	-	-	4,858
Payables and other liabilities	188,445	-	188,445	69,885
Current portion of long term financing	2,405	-	2,405	2,020
Deposits payable related to discontinued operations	11,992	-	11,992	11,992
<i>all</i>	<u>301,095</u>	<u>288,131</u>	<u>589,226</u>	<u>544,414</u>

Note 7

Investments in Associates

	Note	2024	2023
		Rupees in thousands	
Under Equity Method			
LSE Capital Limited (LSECL)		161,010	-
Digital Custodian Company Limited (DCCL)		210,890	-
	7.1	<u>371,900</u>	<u>-</u>

7.1 LSE Capital Limited

LSE Capital Limited ("LSECL") (formerly Bank Islami Modaraba Investments Limited) was incorporated in Pakistan on January 22, 1986, as an unlisted public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Subsequently, it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas, under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the Company is situated at LSE Plaza, Khayaban-e-Aiwan-Iqbal Road Lahore.

Digital Custodian Company Limited

Digital Custodian Company Limited ("DCCL") was incorporated on February 12, 1992 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company. The status of the Company was converted from private limited company to unlisted public limited company on June 19, 2009. The registered office of the company is located at Office # 08, 5th floor, LSE Plaza, Aiwan-e-Iqbal Road, Lahore, Punjab.

Reconciliation of changes in carrying value / fair value of investments in associates:

	LSECL	DCCL	Total
	----- Rupees in thousands -----		
Balance reclassified from investment in subsidiaries / financial asset	100,000	188,131	288,131
Gain / (loss) on initial recognition of investment	52,629	(1,578)	51,051
	152,629	186,553	339,182
Share of total comprehensive income / (loss)	8,309	24,337	32,646
Share in changes in equity of associate	72	-	72
Balance as at June 30, 2024	<u>161,010</u>	<u>210,890</u>	<u>371,900</u>
No. of shares held	<u>10,000,000</u>	<u>18,817,917</u>	
Shareholding in %age	<u>5.52%</u>	<u>36.00%</u>	

7.2 For the purposes of applying the equity method of accounting, the financial statements of LSE Capital Limited for the year ended June 30, 2024 have been used.

The associate is accounted for using equity method in these financial statements. The Company has significant influence on LSE Capital Limited due to its representation on the Board of Directors of investee and consequently the investment has been treated as investment in associates in accordance with the requirements of IAS 28 'Investment in Associates'.

7.3 The following table summarises the financial information of associates as included in their respective unaudited financial statements. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in associates.

	LSECL	DCCL
	----- Rupees in thousands -----	
Revenue	35,191	119,745
Profit after tax	108,179	75,941
Other comprehensive income	96,046	5,980
Total Comprehensive income	204,225	81,921
Effect of adjustment of intercompany elimination	(53,700)	(14,319)
Total Comprehensive income after intercompany elimination	150,525	67,603
Current assets	919,015	24,091
Non-current assets	2,671,491	606,554
Current liabilities	(471,157)	(18,798)
Non-current liabilities	(148,806)	(11,723)
Net assets of the associate	2,970,543	600,124
Effect of adjustment of intercompany elimination	(53,700)	(14,319)
Net assets of the associate after intercompany elimination	2,916,843	585,805
Proportion of the company ownership interest	5.52%	36.00%
	<u>161,010</u>	<u>210,890</u>

Note 8

Deferred Tax (Asset) / Liability - Net

	Note	2024	2023
		Rupees in thousands	
Deferred tax liability / (asset)	8.1	4,858	(7,284)
8.1 Breakup of deferred tax liability			
Taxable temporary differences			
Investment in associates		12,565	-
Deductible temporary differences			
Business losses		(7,284)	(7,284)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001		(424)	-
		4,858	(7,284)
8.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% & 15% (2023: 29% & 15%).			
8.3 Reconciliation of deferred tax (assets) / liabilities - Net			
Opening balance		(7,284)	148,497
Transferred as per demerger scheme		-	(148,497)
Deferred tax effect charged to profit or loss		11,503	(7,284)
Deferred tax effect charged to other comprehensive income		639	-
Closing balance		4,858	(7,284)

Statement of Financial Position		Statement of Profit or Loss	
2024	2023	2024	2023
----- Rupees in thousands -----			

8.4 Analysis of deferred tax

Investment in associates	12,565	-	11,927	-
Business losses	(7,284)	(7,284)	-	(7,284)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001	(424)	-	(424)	-
	4,858	(7,284)	11,503	(7,284)

Note 9

Loan to Director

	Note	2024	2023
		Rupees in thousands	
Loan to director	9.1	23,812	-
Less: current portion of loan		(14,155)	-
		9,657	-
9.1 Movement in loan to Director			
Opening balance		-	-
Disbursements		35,616	-
Less: Discounting of loan to employee		(5,624)	-
		29,992	-
Unwinding of discount		1,528	-
Receipts		(7,709)	-
Closing balance		23,812	-

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Note 9, Long Term Loans to Director - Continued...

9.1.1 This represents interest free and interest bearing loan provided to the Executive Director of the Company as per Company's policy. The loan provided is secured against pledged shares of Mr. Aftab Ahmed. This loan is repayable in 5 years and interest bearing loan, amounting to Rs. 27.65 million carries markup @ 12% per annum. The effective interest works out to be 21.97% per annum. The maximum amount dues at the end of any month during the year was Rs. 31.75 million.

Note 10

Long Term Deposits

	2024	2023
	Rupees in thousands	
Utilities	1,224	1,224
Deposit against Margin Trading System of NCCPL	13,785	23,785
	<u>15,009</u>	<u>25,009</u>

Note 11

Financial Assets

	Note	2024	2023
		Rupees in thousands	
At amortised cost			
Investment in Margin Trading System of NCCPL	11.1	<u>59,589</u>	<u>363,648</u>

11.1 Investment in Margin Trading System of NCCPL is an undisclosed market of finances and financiers with a participation ratio of 85 to 15 carrying markup at KIBOR with spread of maximum upto 8% (2023: 8%).

Note 12

Receivables, Advances and Prepayments

	Note	2024	2023
		Rupees in thousands	
Unsecured - Considered good			
Receivables		2,739	2,542
Due from related parties	12.1	2,830	6,697
Accrued profit		2,357	8,120
Dividend receivable		686	686
Prepayments		-	1,006
Current portion of loan to director	9.1	14,155	-
		<u>22,767</u>	<u>19,051</u>

12.1 Due from related parties

		Gross Amount Due		Maximum Outstanding at any time during the year
		2024	2023	2024
Rupees in thousands				
LSE Capital Limited (formerly Modaraba Al Mali)		-	940	940
LSE Capital Limited (formerly LSE PropTech Limited)		185	4,228	20,242
LSE Ventures Limited		-	1,529	10,735
Digital Custodian Company Limited	12.1.2	2,645	-	3,500
		<u>2,830</u>	<u>6,697</u>	<u>35,418</u>

12.1.1 Due from related parties carries markup @ 20.5% per annum.

12.1.2 This represents advance given to Digital Custodian Company Limited, an associate having 36.20% shareholding and common directorship. This advance amount is repayable on demand. The advance is considered good and unsecured. The maximum aggregate amount outstanding at any time during the year is Rs. 3.5 millions (2023: Nil).

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Note 13

Tax Refunds Due from the Government - Net

		2024	2023
	Note	Rupees in thousands	
Income tax	13.1	<u>42,049</u>	<u>44,319</u>
13.1 Movement in income tax			
Wealth tax paid:			
- under protest		10,063	10,063
- with returns		461	461
		10,524	10,524
Less: Provision for wealth tax		<u>(3,728)</u>	<u>(3,728)</u>
		6,796	6,796
Income tax deducted at source - net		41,371	75,866
Less: Prior year adjustments		(2,998)	-
Less: Provision of income tax for the period		<u>(3,120)</u>	<u>(38,343)</u>
		35,253	37,523
		<u>42,049</u>	<u>44,319</u>

Note 14

Bank Balances

		2024	2023
	Note	Rupees in thousands	
Cash at bank in savings accounts	14.1	<u>23,443</u>	<u>51,844</u>

- 14.1** Cash at banks in saving accounts carry mark-up ranging from 19.50% to 20.50% (2023: 12.25% to 20.50%) per annum.
- 14.2** The above figures of bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.
- 14.3** It includes deposit of Rs. 3.94 million under lien by Bank Al-Habib Limited against a loan facility of SBP financing scheme for renewable energy (Note 17).

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Note 15

Share Capital

2024	2023		2024	2023
Number of shares			Rupees in thousands	
<u>111,900,000</u>	<u>52,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,119,000,000</u>	<u>520,000,000</u>

15.1 Under the Scheme of Arrangement (refer to Note 5), the authorized share capital of the Company has been increased from Rs. 520,000,000 to 1,119,000,000.

<u>35,677,578</u>	<u>10,000,000</u>	Ordinary shares of Rs. 10 each issued otherwise than in cash	<u>356,776</u>	<u>100,000</u>
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15.2 Reconciliation of changes in number of shares is as follows:

	Note	2024 Number of shares	2023 Number of shares
Opening balance		10,000,000	179,597,880
Under restructuring scheme dated April 26, 2023:			
Share cancelled	15.2.1	-	(179,597,880)
Shares issued		-	10,000,000
		-	(169,597,880)
Under the Scheme dated April 03, 2024:			
Shares issued during the year	5.1 & 15.6	25,677,578	-
Closing balance		<u>35,677,578</u>	<u>10,000,000</u>

15.2.1 The Company was demerged as per restructuring scheme approved by Honorable Lahore High Court through its Order dated April 26, 2023 under which previously issued share capital of Rs. 1,795.98 million was cancelled and 100% equivalent shares had been issued in favour of LSE Ventures Limited amounting to Rs. 100 million from effective date i.e. July 31, 2022.

15.3 Shares held by related parties are as follows:

	2024 Percentage	2023 Percentage	2024 Number of Shares	2023 Number of Shares
LSE Ventures Limited	28.03%	100%	10,000,000	10,000,000
Directors	23.59%	0%	8,416,764	-
Digital Custodian Company Limited	2.36%	0%	841,742	-
			<u>19,258,506</u>	<u>10,000,000</u>

15.4 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

15.5 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

15.6 The Company has issued 19,771,736 shares to the shareholders of LSE Capital Limited and 5,905,842 shares to the certificate holders of Modaraba Al-Mali under the court order dated April 03, 2024 for consideration otherwise than cash. 10 million shares were issued to LSE Capital Limited at Rs. 10 while the remaining 15,677,578 shares were issued at premium of Rs. 2 per share.

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Note 16
Share Premium

	2024	2023
	Rupees in thousands	
Share premium	<u>31,355</u>	<u>-</u>

16.1 Under the Scheme 15,677,578 shares were issued otherwise than in cash at a premium of Rs. 2 per share.

16.2 This reserve can be utilized by the Company only for the purposes specified in section 81 of Companies Act, 2017.

Note 17
Long Term Financing

	2024	2023
	Rupees in thousands	
Bank Al Habib Limited	3,944	5,772
Less: Current portion	<u>(2,020)</u>	<u>(1,924)</u>
	<u>1,924</u>	<u>3,848</u>

17.1 The long term financing facility has been obtained from Bank Al Habib Limited for the purchase and installation of 100 KW On-Grid Solar System under the State Bank of Pakistan financing scheme for Renewable Energy Category-II. It carries mark-up at SBP rate of 2% with spread of 2% per annum, payable quarterly. The bank has marked lien over PLS accounts for Rs. 3.94 million. The tenor of the facility is 5 years from the date of disbursement.

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Note 18

Payables and Other Liabilities

		2024	2023
	Note	Rupees in thousands	
Trade creditors		407	1,034
Accrued liabilities		1,793	1,444
Due to members		2,158	2,158
Defaulted members' membership sale proceeds	18.1	44,131	44,131
Advances received from ex - members and companies		996	996
Loan for Margin Trading System	18.2	17,645	316,526
Return on loan payable for Margin Trading System		-	20,551
Punjab Workers Welfare Fund payable	18.3	2,345	2,345
Sales tax payable		377	1,365
Accrued mark-up		33	42
		<u>69,885</u>	<u>390,592</u>

18.1 This represents amounts realized through auctions of the defaulted members' memberships and have been retained by the Company for settlement of claims against these members.

18.2 Breakup of loan for Margin Trading System - related parties

Principal amount

- LSE Ventures Limited	-	316,526
- LSE Capital Limited	17,645	-
	<u>17,645</u>	<u>316,526</u>

Return accrued thereon

- LSE Ventures Limited	-	20,551
	<u>17,645</u>	<u>337,077</u>

18.2.1 This represents loan received from LSE Ventures Limited and LSE Capital Limited for investment in Margin Trading System (MTS) of NCCPL. Investment on Margin Trading System of NCCPL is an undisclosed market of finances and financiers with a participation ratio of 85 to 15 carrying markup of KIBOR with spread of maximum upto 8%. The Company has invested in MTS on behalf of LSE Venture Limited and LSE Capital Limited. Markup earned is paid net of 1% to 2% service charges and MTS charges.

18.3 Punjab Workers Welfare Fund

Opening balance	2,345	12,299
Provision during the year	-	2,345
Transferred to LSE Ventures Limited	-	(12,299)
Closing balance	<u>2,345</u>	<u>2,345</u>

Note 19

Deposits Payable Related to Discontinued Operations

These deposits have not been kept in a separate bank account and have been utilized by the Company in the ordinary course of its business.

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Note 20

Contingencies and Commitments

20.1 Contingencies

20.1.1 On April 12, 2010, the Company had filed a suit for the recovery of US Dollar 105,000 and Rs. 3,314,015 against InfoTech (Private) Limited in the Court of Senior Civil Judge Lahore, which was referred by the Court for Arbitration. Currently the matter is pending before the Arbitration Tribunal for hearing of miscellaneous applications and recording evidence of the Company. However, the Company expects a favorable outcome of the case.

20.1.2 The Income Tax Appellate Tribunal, vide its order dated June 03, 2003 and November 01, 2005 for the Assessment years 1992-93 to 2000-01 accepted the contention that the Company qualifies for exemption under section 5(1)(i)/clause 22 of the Second Schedule to the Wealth Tax Act, 1963. The Department has filed a written petition before the Lahore High Court, Lahore against the aforesaid order of the Income Tax Appellate Tribunal. The Honorable Lahore High Court decided the case in favour of the Company. However, the tax department has filed the CPLA before the Honorable Supreme Court of Pakistan.

20.2 Commitments

There is no commitment outstanding as at the reporting date (2023: Rs. Nil).

Note 21

Revenue

The Company generates revenue primarily from investment in finance services i.e. margin trading system of NCCPL. Other sources of revenue include fund management fee charged by the Company.

		2024	2023
	Note	Rupees in thousands	
Revenue from Margin Trading System of NCCPL		13,527	14,403
Investment properties - rental income	21.1	-	14,322
<i>Other revenues - inclusive of PRA sales tax</i>			
Fund and operational management fee	21.2	29,952	25,592
Room maintenance services		-	3,622
Software services		-	408
		29,952	29,622
Less: PRA sales tax		(4,131)	(4,049)
		25,821	25,573
		<u>39,348</u>	<u>54,299</u>

21.1 This represented income from investment properties and assets held by the Company before the restructuring scheme approved by Honorable High Court dated April 26, 2023. Pursuant to this scheme these assets were transferred to LSE Proptech Limited [now LSE Capital Limited], therefore no income is recognised during the year from these assets.

21.2 This represents fund and operational management fee charged to MCF, IPF and TCF trusts. Fund management and operational fee is calculated at 2% (2023: 2%) on closing net assets of the fund as per un-audited accounts of the respective fund as at June 30, 2024.

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Note 22

Administrative and General Expenses

		2024	2023
	Note	Rupees in thousands	
Salaries and benefits	22.1	27,764	26,724
Information technology related expenses		126	883
Insurance		48	74
Travelling and conveyance		2,819	2,682
Printing and stationery		35	37
Utilities		3,446	1,207
Repairs and maintenance		227	6,386
Security expenses		62	1,570
Communication and public relations		39	1,103
Legal and professional charges		9,778	4,265
Margin Trading System charges		4,270	1,083
Fees and subscription		1,919	1,016
Rent, rates and taxes		100	154
Auditors' remuneration	22.2	966	1,121
Board meetings fee		2,800	4,730
Others		36	1,185
Depreciation		50	2,093
		<u>54,485</u>	<u>56,313</u>

22.1 Salaries and benefits include Rs. 1.203 million (2023: Rs. 1.267 million) in respect of contribution to provident fund.

22.2 Auditors' remuneration

Audit services

Annual audit fee	367	333
Half yearly review fee	-	111
Other assurance services	525	677
Code of corporate governance	74	-
	<u>966</u>	<u>1,121</u>

Note 23

Other Operating Expenses

	2024	2023
	Rupees in thousands	
Punjab Workers' Welfare Fund	-	2,345
Diminution in the value of investment	-	14,240
	<u>-</u>	<u>16,585</u>

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Note 24

Other Income

	2024	2023
	Rupees in thousands	
Income from financial assets		
<i>At amortized cost / under effective interest method</i>		
Profit on saving accounts	13,989	12,904
Interest income on loan to director	1,528	-
Markup on advances to associates	185	-
Liability written back	2,796	-
Interest income on exposure in MTS	1,155	-
Miscellaneous income	683	2,549
	20,336	15,453
Income from non-financial assets		
Gain on disposal of operating assets	50	99
	<u>20,386</u>	<u>15,552</u>

Note 25

Finance Cost

	2024	2023
	Rupees in thousands	
Mark-up on long term financing	200	243
Discounting of loan to director	5,624	-
Bank charges	47	28
	<u>5,871</u>	<u>271</u>

Note 26

Taxation

	2024	2023
	Rupees in thousands	
Levies	3,120	18,964

26.1 Breakup of levies

Minimum tax	3,120	-
Final tax	-	18,964
	<u>3,120</u>	<u>18,964</u>

This represents minimum tax / final tax paid under various sections of the Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

26.2 Taxation

Current	-	14,953
Super tax	-	4,426
Deferred tax	11,503	(7,284)
	11,503	12,095
Prior year	2,998	1,949
	<u>14,501</u>	<u>14,044</u>

26.3 Income tax return has been filed to the income tax authorities upto and including tax year 2023 under the provisions of the Income Tax Ordinance, 2001.

26.4 Numerical reconciliation between average effective tax rate and the applicable tax rate is not practicable due to application of normal income tax rate and minimum tax rate on services under section 153 (1) (b) of the Income Tax Ordinance, 2001.

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Note 26, Taxation - Continued...

26.5 Reconciliation of levy and income tax under IAS-12

	2024	2023
	Rupees in thousands	
Current tax liability as per applicable tax laws	3,120	38,343
Portion of current tax liability representing		
- Income tax as per IAS -12	-	(19,379)
- Levy as per IFRIC 21 / IAS 37	(3,120)	(18,964)
Difference	-	-

Note 27

Earnings per Share - Basic and Diluted

		2024	2023
Net profit for the year attributable to ordinary shareholders	(Rupees in thousands)	61,268	1,036
Weighted average number of ordinary shares	(Number of shares in thousands)	35,678	15,254
Weighted average number of dilutive shares	(Number of shares in thousands)	35,678	15,254
Earnings per share - Basic	(Rupees)	1.72	0.07

27.1 There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 28

Cash Generated from Operations

		2024	2023
		Rupees in thousands	
Profit before levy and taxation	Note	78,889	34,044
Adjustment for:			
Depreciation	6	50	2,093
Share of profit of associates	7	(79,511)	(37,362)
Lease rentals		-	(14,322)
Gain on disposal of property and equipment	24	(50)	(99)
Unrealized loss on valuation of investment - net		-	14,240
Liabilities written back	24	(2,796)	-
Workers welfare fund		-	2,345
Income on net investment in finance lease		-	(29)
Recovery of ECL on trade and other receivables - net		-	(482)
Adjustment with related party		332	-
Unwinding of discount	9	(1,528)	-
Discounting of loan to director		5,624	-
Finance cost	25	247	271
		(77,632)	(33,346)
Operating profit before working capital changes		1,257	698
<i>(Increase) / decrease in current assets:</i>			
- Inventory		-	(1,677)
- Receivables, advances and prepayments	12	10,439	(60,293)
<i>Increase / (decrease) in current liabilities:</i>			
- Payables and other liabilities	18	1,528	54,503
- Deposits payable related to discontinued operations		(2,081)	(60)
- Advance rent received from tenants		-	14,322
		9,886	6,795
Cash Generated from Operations		11,143	7,493

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Note 29

Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

29.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As there are no foreign currency receivables / payables of the Company, it is not exposed to currency risk (2023: Nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to floating interest rate risk as it does not have any significant interest bearing liabilities. However, the Company has fixed and variable interest based investments. These investments are classified as short term and long term considering relative sensitivity of interest rates and management's intention. Other assets and liabilities of the Company do not expose the Company to interest rate risk substantially.

The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

	2024	2023
	Rupees in thousands	
<u>Floating rate instruments</u>		
Financial assets		
Margin Trading System (MTS)	59,589	363,648
Bank balances	23,443	51,844
<u>Fixed rate instruments</u>		
Financial liabilities		
Long term financing	3,944	5,772

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Note 29, Financial Risk Management - Contd..

Cash flow sensitivity analysis for variable rate instruments

As at reporting date, if interest rates get 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.79 million (2023: Rs. 4.097 million), mainly as a result of yield on floating investment based financial assets.

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk in respect of its investments (2023: Nil).

29.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at the reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

		2024	2023
	Note	Rupees in thousands	
Long term deposits	10	15,009	25,009
Financial assets	11	59,589	363,648
Receivables	9 & 12	32,424	19,051
Bank balances	14	23,443	51,844
		<u>145,474</u>	<u>484,561</u>

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer such as repayment behavior, credit loss history and available securities etc. The management also considers other relevant factors that may influence the credit risk of its customer base, including the default risk associated with the customer. Majority of the Company's customers have been transacting with the Company for many years, and only trivial customers' balances have been written off so far. In monitoring customer credit risk, customers are individually assessed according to their history and repayment behavior with the Company.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms are offered.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of its receivables etc.

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Note 29, Financial Risk Management - Contd...

The Company evaluates the concentration of risk with respect to receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and receivables for which the exposure is spread over a large number of counter parties.

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

	Rating			2024	2023
	Short term	Long term	Agency		
	Rupees in thousands				
Allied Bank Limited	A1+	AAA	PACRA	7	7
Bank Alfalah Limited	A1+	AA+	PACRA	1,598	4,275
Bank Al-Habib Limited	A1+	AAA	PACRA	5,852	11,990
Habib Bank Limited	A1+	AAA	VIS	11,758	28,537
MCB Bank Limited	A1+	AAA	PACRA	4,098	6,925
National Bank of Pakistan	A1+	AAA	PACRA	66	58
Summit Bank Limited	N/A	N/A	VIS	63	52
				23,443	51,844

29.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through appropriate credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring critical liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
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----- Rupees in thousands -----

Contractual maturities of financial liabilities as at June 30, 2024:

Long term financing	3,944	4,141	2,121	2,020	-	-
Trade and other payables	66,167	66,167	66,167	-	-	-
Deposits payable related to discontinued operations	11,992	11,992	11,992	-	-	-
	70,111	70,309	68,288	2,020	-	-

Contractual maturities of financial liabilities as at June 30, 2023:

Long term financing	5,772	6,692	2,145	2,069	2,478	-
Trade and other payables	341,755	341,755	341,755	-	-	-
Deposits payable related to discontinued operations	14,073	14,073	14,073	-	-	-
	347,527	348,446	343,900	2,069	2,478	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements, where applicable.

29.4 Financial instruments by categories

Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
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----- Rupees in thousands -----

Financial assets as at June 30, 2024

Receivables	-	32,424	-	32,424
Long term deposits	-	15,009	-	15,009
Financial assets	-	59,589	-	59,589
Bank balances	-	23,443	-	23,443
	-	145,474	-	145,474

Note 29, Financial Risk Management - Contd...

Financial assets as at June 30, 2023

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
Receivables	-	18,045	-	18,045
Long term deposits	-	25,009	-	25,009
Financial assets	-	363,648	-	363,648
Bank balances	-	51,844	-	51,844
	-	<u>483,555</u>	-	<u>458,546</u>

Financial liabilities at amortized cost

	2024	2023
	Rupees in thousands	
Long term financing	3,944	5,772
Trade and other payables	66,167	341,755
Deposits payable related to discontinued operations	11,992	14,073
	<u>70,111</u>	<u>347,527</u>

29.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Note 30

Capital Risk Management

The Board's policy is to maintain an efficient capital base so as to maintain investors', creditors' and market confidence and to sustain the future development of its business. The Company's objectives when managing capital are:

- a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, if possible, and regulate its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratio of the Company is not calculated as the Company is not geared.

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Note 31

Transactions and Balances with Related Parties

The related parties of the Company are as follows:

Names of Related Parties	Relationship	Basis of relationship / (percentage shareholding or common directorship)	
Shareholding held by the Company:			
Digital Custodian Company Limited	Associate	Shareholding	36.00%
LSE Capital Limited	Associate	Shareholding	5.52%
Shareholders of the Company:			
LSE Ventures Limited	Associate	Shareholding	28.03%
Digital Custodian Company Limited	Associate	Shareholding	2.36%
Zahid Latif Khan Securities (Private) Limited	Major shareholder	Shareholding	20.39%
Directors:		Shareholding	23.59%

Related parties companies associated companies / undertakings, companies where directors also hold directorship, retirement benefits fund and key management personnel. Balances with related parties are disclosed in respective notes to these financial statements, whereas significant transactions with these related parties during the year are as under:

Names of Related Parties	Relationship	Transaction During the period	2024	2023
Rupees in thousands				
LSE Ventures Limited	Associate	Shares purchased by the Company	-	(10,000)
		Funds received for investment in MTS	159,000	316,526
		Funds paid	(475,526)	-
		Expenses paid on behalf of company	10,570	1,529
		Investment in MTS - return paid	(67,417)	-
LSE Capital Limited (Formerly LSE Proptech limited)	Associate	Fund received for investment in MTS	37,645	42,000
		Funds paid	(20,000)	(42,000)
		Return on investment in MTS - payable	(185)	(1,779)
		Return on investment in MTS - paid	(4,339)	-
		reimbursement of expenses - receivable	11,069	4,228
		Expenses paid on behalf of the company	(5,290)	-
		Deposits paid for recovery of receivables	(1,551)	-
Billing & rents received by the company	(33,335)	-		
LSE Capital Limited (Formerly Modaraba Al Mali)	Associate	Expense paid on the behalf of Company	-	(940)
		Payment received during the period	940	-
LSE - Employees' Provident Fund Trust	Employee benefit trust	Contribution for the period	(1,203)	(1,267)

Balances outstanding as at June 30,

Trade and other receivables

LSE Ventures Limited	-	1,529
LSE Capital Limited	185	4,228
LSE Capital Limited (Formerly Modaraba Al Mali)	-	940

Trade and other payables

<i>Loan for investment in MTS</i>		
- LSE Capital Limited	17,645	-
- LSE Ventures Limited	-	316,526
<i>Return on investment MTS</i>		
- LSE Ventures Limited	-	20,551

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Note 32

Segment Reporting

32.1 Revenue from investments represents 100% of total revenue of the Company. Therefore, there is one reportable segment as per IFRS-8.

32.2 The entity revenue has been generated in Pakistan.

32.3 Revenue from investments, amounting to Rs. 13.53 millions, in MTS account for 23% of total revenue for the year.

32.4 All non-current assets of the Company, as at the reporting date, are located in Pakistan.

Note 33

Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amount charged in these financial statements for the year for remuneration, including benefits to chief executive of the Company is as follows:

	Chief Executive Officer		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	-----Rupees in Thousands-----							
Managerial remuneration	3,455	7,920	3,600	-	3,646	2,940	10,700	10,860
Company's contribution to the provident fund trust	345	720	509	-	123	267	977	987
Housing and utilities	1,900	3,960	1,980	-	2,005	1,470	5,885	5,430
Meeting fees	-	-	2,800	4,730	-	-	2,800	4,730
Consultancy charges	7,200	-	-	-	-	-	7,200	-
Others	380	3,963	8,044	1,350	-	820	8,424	6,133
	<u>13,280</u>	<u>16,563</u>	<u>16,933</u>	<u>6,080</u>	<u>5,774</u>	<u>5,497</u>	<u>35,986</u>	<u>28,140</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>10</u>	<u>3</u>	<u>2</u>	<u>5</u>	<u>13</u>

33.1 Chief Executive is provided with the Company's maintained vehicle.

33.2 An executive is define as an employee, other than the chief executive officer and directors, whose basis salary exceeds Rs. 1.2 million in a financial year.

Note 34

No. of Employees

	2024	2023
Total number of employees as at the year end	<u>3</u>	<u>3</u>
Average number of employees during the year	<u>3</u>	<u>4</u>

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Note 35

Provident Fund Trust - Related Party

All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

Note 36

Authorization For Issue

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on November 04, 2024.

Note 37

Subsequent Event

The Directors in their meeting held on November 04, 2024 have recommended a final cash dividend of Rs. 0.5 per share i.e. 5% amounting to Rs. 17.83 million for the year ended June 30, 2024 (2023: Nil). The financial statements for the year ended June 30, 2024 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

Note 38

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentations that do not have any impact on the profitability of the Company:

Nature	From	To	<u>2023</u> Rupees in thousands
Statement of financial statements <i>we</i>	Prepayments	Recievables, advances and prepayments (Note 12)	1,006


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER