LSE Capital Limited

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED APRIL 03, 2024

INDEPENDENT AUDITOR'S REPORT

To the members of LSE Capital Limited (*Formerly Assetplex Limited*)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **LSE Capital Limited**, which comprise the statement of financial position as at April 03, 2024, and the statement of profit or loss, and 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 a summary of significant accounting policies 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, statement of profit or loss and 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 April 03, 2024 and of the profit and other comprehensive profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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.

Emphasis of Matter

We draw attention to **Note 26** to the financial statements, which describes the order of Honorable Lahore High Court in which the court has allowed the merger petition and has sanctioned the Scheme of Arrangement and Reconstruction **(C.O 78278/2023)** in the matter of transfer of complete business and undertaking of Modaraba Al Mali and LSE Proptech Limited with and into LSE Capital Limited. The financial statements are prepared to assist the Company in complying with the above order. Our opinion is not modified in respect of this matter.

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 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 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 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mohsin Nadeem (FCA).

Place: Lahore
Date: May 27, 2024

RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohsin Nadeem, FCA

LSE CAPITAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 03, 2024

	Note	April 03, 2024	June 30, 2023
		------------------Rupees------------------	
ASSETS			
Non-current assets			
Long term investments	4	270,560,540	198,518,310
		270,560,540	198,518,310
Current assets			
Management fee receivable	5	329,669	12,081,867
Advances, deposits and prepayments	6	41,248,979	54,291,300
Accrued mark-up	7	5,829	24,137
Other receivables	8	14,537,288	54,735,340
Short-term investments	9	129,898	129,898
Taxation - net		2,594,163	2,522,434
Cash and bank balances	10	2,139,028	88,715
		60,984,854	123,873,691
TOTAL ASSETS		331,545,394	322,392,001
EQUITY			
Share capital			
Authorized capital			
25,000,000 (2023: 25,000,000) ordinary shares of Rs. 10 each	11	250,000,000	250,000,000
Issued, subscribed and paid-up capital		210,000,000	210,000,000
Unappropriated profit		43,840,361	37,482,379
Fair value reserve		54,847,689	48,118,447
		308,688,050	295,600,827
LIABILITIES			
Non - current liabilities			
Deferred taxation		3,581,600	3,543,930
Current liabilities			
Payable to related party	12	5,217,789	14,420,000
Accrued and other liabilities	13	14,057,954	8,827,244
		19,275,743	23,247,244
Total shareholders' equity and liabilities		331,545,394	322,392,001
CONTINGENCIES AND COMMITMENTS	14		

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

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Chief Executive **Director**

LSE CAPITAL LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED APRIL 03, 2024

	Note	April 03 2024	June 30 2023
Revenue		----------- Rupees -----------	
Management fee from associated undertaking	15	24,206,570	-
Other income		329,669	2,552,212
Realized gain on revaluation of investments 'at fair value through profit or loss'- net	16	262,039	2,177,489
Unrealized (loss) / gain on revaluation of investments 'at fair value through profit or loss'- net		-	18,619,432
Fair value gain on investment property		-	-
Share of profit of associates		-	-
		24,798,278	23,349,133
Other expenses	17	(1,274,064)	(1,840,481)
Administrative expenses	18	(4,942,096)	-
Financial Charges	19	(11,641,748)	(6,059,587)
Profit before taxation for the year		(667,193)	(1,000,000)
		6,273,177	14,449,065
Taxation	21	84,805	(3,425,310)
Profit after taxation for the year		6,357,982	11,023,755
Earnings per share - basic & diluted	22	0.30	0.92

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

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Chief Executive

Director

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LSE CAPITAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED APRIL 03, 2024

	Note	April 03 2024	June 30 2023
		----------- Rupees -----------	
Profit after taxation for the year		**6,357,982**	11,023,755
Other comprehensive income / (loss):			
- Unrealized gain / (loss) on revaluation of investments classified as 'Fair value through OCI'		**7,327,927**	1,709,438
Deferred tax asset on un-realised loss		**-**	
Impact of additional Shares of DCCL		**-**	85,579,554
- Share of profit from associate undertaking - under equity method	*4.2*	**2,149,879**	1,110,909
Deferred tax liability on share of profit associate undertaking		**(2,748,564)**	(322,164)
- Remeasurement loss of defined benefit plans		**-**	68,282
Deferred tax on remeasurement of defined benefit plans		**-**	(19,802)
		6,729,242	88,126,218
Total comprehensive income for the year		**13,087,224**	99,149,973

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

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Chief Executive

Director

LSE CAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED APRIL 03, 2024

	Issued, subscribed and paid up capital	Unappropriated profit	Fair value reserve	Total
	Rupees			
Balance as at July 01, 2022	160,000,000	26,458,624	(40,007,771)	146,450,853
Shares issued during the year	50,000,000	-	-	50,000,000
Total comprehensive income for the year ended June 30, 2023	-	11,023,755	88,126,218	99,149,973
Balance at June 30, 2023	210,000,000	37,482,379	48,118,447	295,600,826
Shares issued during the year	-	-	-	-
Total comprehensive income for the period ended April 03, 2024	-	**6,357,982**	**6,729,242**	**13,087,224**
Balance as at April 03, 2024	**210,000,000**	**43,840,361**	**54,847,689**	**308,688,051**

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

Chief Executive

Director

LSE CAPITAL LIMITED
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED APRIL 03, 2024

	Note	April 03 2024	June 30 2023
		----------- Rupees -----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		**6,273,177**	14,449,065
Adjustments for non-cash charges and other items:			
- Financial Charges		**275,693**	-
- Share of profit of associate		**1,274,064**	(1,840,481)
- Gratuity cost / (income) for the year		-	68,282
- Financial charges		**(275,693)**	-
- Realized gain on revaluation of investments 'at fair value through profit or loss'- net			(18,619,432)
- Gain on Short Term Investment		-	30,825
		1,274,064	(20,360,806)
Changes in working capital			
(Increase) / decrease in current assets			
Management fee receivable		**11,752,198**	(2,552,212)
Advances, deposits and prepayments		**13,042,321**	(13,059,882)
Other receivables		**40,198,052**	-
		64,992,571	(15,612,094)
Increase in current liabilities			
Accrued and other liabilities and other payable		**(6,064,042)**	20,058,865
Taxes paid		**(195,466)**	(46,408)
Contribution in gratuity fund		-	-
Net cash used in operating activities		**66,280,303**	(1,511,379)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from disposal of investment property		-	-
Investment in associates		**(63,838,490)**	-
Loan from Director		-	-
Loan to Modaraba Al-Mali			(53,854,366)
Receipts from / (investments made) in equity securities - net		-	4,161,130
Interest income received		-	-
Proceeds from disposal of fixed assets		-	-
Net cash used in investing activities		**(63,838,490)**	(49,693,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	50,000,000
Financial charges paid		**(391,500)**	
Net cash generated from financing activities		**(391,500)**	50,000,000
Net decrease in cash and cash equivalents		**2,050,313**	(1,204,615)
Cash and cash equivalents as at the beginning of the period		**88,715**	1,293,330
Cash and cash equivalents as at the end of the period		**2,139,028**	88,715

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

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Chief Executive

Director

1. STATUS AND NATURE OF BUSINESS

LSE Capital Limited (formerly Bank Islami Modaraba Investments Limited) ("the Company") was incorporated in Pakistan on January 22, 1986, as a public unquoted company under the Companies Ordinance, 1984 (now 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.

These financial statements has been prepared for period ended April 03, 2024.

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 are comprised of 'International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New and amended standards and interpretations

a) Change in accounting standards, interpretations and amendments to published accounting standards that are effective in the current year but not relevant:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

b) The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

  The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting

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periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the IASB has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The Company is in the process of assessing the impact of the above amendments and improvements.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Estimate of useful lives and depreciation rates of operating fixed assets
ii) Fair value of investment property
iii) Impairment of non-financial assets
iv) Classification, valuation and impairment of investments
v) Taxation
vi) Staff retirement benefits

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial assets which have been carried at fair values.

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2.5 Functional and presentation Currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Operating fixed assets and depreciation

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any),

except for capital work-in-progress which is stated at cost less accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the profit or loss in the year in which these are incurred.

Depreciation is charged to the profit or loss using the straight-line method whereby the depreciable amount of an asset is written off over its estimated useful life in accordance with the rates specified in note 4.1 to these financial statements and after taking into account residual values, if significant. The residual values of operating fixed assets, useful life and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which an asset becomes available for use while no depreciation is charged for the month in which an asset is disposed off.

Gain and loss arising on disposal or retirement of property, plant and equipment are included in the profit or loss in the year in which the asset is disposed off or retired.

3.2 Investment property

Investment property comprises of offices that are held to for capital appreciation .

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria is met.

Subsequent to initial recognition, investment property is stated at fair value which reflects market condition at reporting date. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual valuation performed by an accredited independent valuer.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the derecogntition of investment property are recognized in the statement of profit or loss in the year of retirement or disposal. Gain or loss on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

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Transfers are made to or from the investment property only when there is a change in use. For a transfer from investment property to owner-occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalized, if recognition criteria is met.

3.3 Impairment of non financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss. The resulting impairment loss is recognized in the profit or loss.

3.4 Financial instruments

The Management determines the appropriate classification of the financial assets of the Company in accordance with the requirements of International Financial Reporting Standard 9 (IFRS-9) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. Currently, the Company's financial assets are categorized as follows:

3.4.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees /counter parties and due to counterparties, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counterparties are recognized when funds are transferred to the banks / employees / counterparties.

The Company recognizes due to / due from counterparties at the time when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

3.4.2 Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or

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(ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or

(iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3.4.2.1 Financial assets

The Company classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets

- The contractual cash flow characteristics of the financial asset

3.4.2.1.1 Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

3.4.2.1.2 Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of

principal and interest (SPPI) on the principal amount outstanding, or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

3.4.2.1.3 Financial assets measured at fair value through other comprehensive income

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available for-sale under IAS 39.

3.4.2.2 Financial liabilities

3.4.2.2.1 Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category short-term payables.

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3.4.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.4.4 Impairment of financial assets

IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

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. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortized cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

3.4.5 Offsetting 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 set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.5 Management Fee

Modaraba management fee is determined at 10% of the profit earned each year by the Modarabas floated and managed by the Company.

3.6 Advances, deposits, prepayments and other receivables

These are stated at cost less estimates made for doubtful receivables based on review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. RMDM

3.7 **Taxation**

Current

The provision for current tax is based on the taxable income at applicable rates of tax after taking into account tax credits and tax rebates (if any). Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. The charge for the current year also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related deferred tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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 flow statement, cash and cash equivalents include demand deposits with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.9 **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 a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.10 **Staff retirement benefits**

a) Defined contribution plan

The Company operates a recognized provident fund for all its permanent employees. The Company and its employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary. The Company has no further payment obligation once the contributions have been paid. The contributions made by the Company are recognized as an employee benefit expense when they are due.

Rmom

b) Defined benefit plan

The Company also operates an approved funded gratuity scheme for its permanent employees. Annual contributions to the fund are made based on actuarial recommendations. The latest valuation was carried out as at June 30, 2022 using the Projected Unit Credit Method.

The liability / asset recognized in the statement of financial position in respect of gratuity scheme is the present value of the defined benefit obligation at reporting date less fair value of the plan assets. The amount arising as a result of remeasurements representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the statement of financial position immediately, with charge or credit to Other Comprehensive Income in the periods in which they occur.

3.11 Employees' compensated absences

The Company accounts for compensated absences on the basis of un-availed earned leave balance of each employee at the end of the year. The leave balance can accumulate up to a maximum of sixty

3.12 Dividend distribution and transfer between reserves

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

3.13 Revenue recognition

According to the core principle of IFRS 15, the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

-Identify the contract with a customer.
-Identify the performance obligations in the contract.
-Determine the transaction price.
-Allocate the transaction price to the performance obligations in the contract
-Recognize revenue when the entity satisfies a performance obligation

The operating income of the Company is generated from management fee is determined at 10% of the profit earned each year by the Modarabas floated and managed by the Company. Income from different sources other than management fee is recognized on the following basis:

-Gain and loss on sale of shares are recognized at the time of sale of shares.
-Dividend income is recognized in the profit or loss when the Company's right to receive the dividend is established.
-Return on bank deposits, term deposit receipts and sukuk certificates is recognized on an accrual basis
-Rental income is recognized on an accrual basis.

RMDM

	Note	April 03 2024	June 30 2023
4. LONG-TERM INVESTMENTS - *related party*		---------- (Rupees) ----------	
Listed - ***At fair value through other comprehensive income***			
Modaraba Al Mali (related party)	4.1	133,704,303	62,706,368
Equity method			
Digital Custodian Company Limited	4.2	136,856,238	135,811,941
		270,560,540	198,518,309

4.1 Equity securities - at fair value through OCI

Opening carrying value		
Purchased / bonus received during the year	62,706,368	98,804,257
Carrying value as at	63,838,490	-
Add: Share of post tax profit from associate	126,544,858	98,804,257
Add/less: Share of other comprehensive income / (loss) after tax from associate	(168,482)	
Less: Share transferred during the year	7,327,927	1,709,438
Less: Dividend received during the year	-	(37,807,327)
Market value as at	-	
	133,704,303	62,706,368
Number of certificates	15,487,560	9,103,703
Market value as a percentage of net assets	43%	21%
Investment as percentage of total paid-up certificate capital of investee company	17.05%	18.57%

4.2 Digital Custodian Company Limited

The Company has entered into share purchase agreement with InfoTech (Private) Limited to purchase 4 million shares of Digital Custodian Company Limited ("DCCL") i.e. . However, during the year bonus share were issued to at the face value of Rs. 10 per share to LSE Capital Limited.

	Note	April 03 2024	June 30 2023
		---------- (Rupees) ----------	
Opening Carrying Value		135,811,941	51,032,328
Cost of acquisition - 3.9 million shares of Rs. 10 each		-	-
Bonus Share issued		-	85,509,185
Share in post acquisition profits brought forward		-	-
Add: Share of post tax profit from associate		(1,105,582)	(1,840,481)
Add/less: Share of other comprehensive income / (loss) after tax from associate		2,149,879	1,110,909
Less: Dividend received during the year		-	-
		1,044,296	(729,571)
		136,856,238	135,811,941
Number of shares		18,347,472	18,347,472
Investment as percentage of total paid-up certificate capital of investee company		35.10%	35.10%

This represents investment made by the Company in Digital Custodian Company ("DCCL"), which is calculated under the equity method as the Company holds 35.10% stake in DCCL.

Digital Custodian Company Limited (Formerly MCB Financial Services Limited) was incorporated on February 12, 1992 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company converted its status from Private Limited Company to Unlisted Public Company on June 19, 2009. The principal objective of DCCL is to act as Trustee of investment trust schemes, voluntary pension schemes and real estate investment trust schemes to provide custodian services and to act as transfer agent / share registrar of securities of listed and unlisted companies and mutual funds, etc.

5. MANAGEMENT FEE RECEIVABLE

	329,669	12,081,867

Modaraba management fee is determined at 10% of the profit earned each year by the Modaraba floated and managed by the Company. Management fee amounting to Rs 329,669/- through the period April 03, 2024.

RMDM

		Note	Apr-03 2024	June 30 2023
6.	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advance against investment in InfoTech (Private) Limited	6.1	41,000,000	41,000,000
	Advance against purchase of right shares Modaraba Al-Mali		-	13,058,800
	Deposits		232,500	232,500
	Prepayments		16,479	-
			41,248,979	54,291,300

6.1 This amount represent the advance paid to InfoTech (Private) Limited and 35.10% shareholding has been transferred in the name of the Company. The remaining amount paid to InfoTech (Private) Limited has been recorded as advance.

		Note	Apr-03 2024	June 30 2023
7.	**ACCRUED MARK-UP**			
	Accrued mark-up on bank deposits		5,829	24,137
8.	**OTHER RECEIVABLES**			
	Due from associated undertakings	8.1	9,078,483	9,078,483
	Less: Provision for impairment		(9,078,483)	(9,078,483)
			-	-
	Other receivables		67,624	67,624
	Less: Provision for impairment		(67,624)	(67,624)
			-	-
	Receivable from PGP Consortium	8.2	13,536,400	
	Receivable from Gratuity Fund - Defined Benefit Scheme		871,476	871,476
	Receivable from Modaraba Al Mali		-	53,854,366
	Zahid Latif Securities		778	778
	Others		128,634	8,720
			14,537,288	54,735,340

8.1 This represents amount receivable in respect of incorporation expenses from three Modarabas being floated by the Company. The SECP in its vide letter dated 20 August 2018 has given the Company time till June 30, 2020 to float these Modarabas. On expiry of the above the management has written to SECP for permission to extend the floatation of these Modarabas till June 30, 2022. However, the management has fully provided the above balances as a matter of prudence.

8.2 This represents the amount receivable from PGP Consortium Limited regarding services provided in respect of consultant to issue.

		Note	Apr-03 2024	June 30 2023
			---------- (Rupees) ----------	
9.	**SHORT TERM INVESTMENT - *Financial assets classified as fair value through profit or loss***			
	Investment in mutual funds	9.1	-	-
	Investment in equity securities		129,898	129,898
			129,898	129,898
9.1	**Investment in mutual funds**			
	Opening carrying value		-	4,191,955
	Purchased / bonus received during the year		-	-
	Sold during the year		-	(4,161,130)
	Carrying value as at		-	30,825
	Loss during the year		-	(30,825)
	Market value as at		-	-
	Number of certificates		-	-
10.	**CASH AND BANK BALANCES**			
	Balances with banks			
	in current accounts		1,800	1,800
	in deposit accounts		2,137,228	86,915
			2,139,028	88,715
	Security stationery in hand		-	-
			2,139,028	88,715
11.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	Authorized capital			
	25,000,000 (2023: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
	Issued, subscribed and paid-up capital.			
	21,000,000 (2022: 16,000,000) ordinary shares of Rs. 10 each fully paid for cash consideration		210,000,000	210,000,000
	Opening		210,000,000	160,000,000
	Issued During the period		-	50,000,000
	Closing		210,000,000	210,000,000

RMDM

	Note	April 03 2024	June 30 2023
		---------- (Rupees) ----------	

12 PAYABLE TO RELATED PARTY

Related party-payable	5,217,789	14,420,000
	5,217,789	14,420,000

12.1 This represents an amount of Rs. 4,942,096 paid by LSE Proptech Limited for the ongoing merger on behalf of the Company against the expenses occurred and 275,693 interest payable on this amount.

13. ACCRUED AND OTHER LIABILITIES

Accrued liabilities	**6,250,950**	6,585,259
Payable to employees for leave encashment	**56,788**	56,788
Chairman's honorarium	**240,000**	240,000
Security against default in investment	**962,000**	962,000
PST payable	**2,406,400**	-
Sundry creditors	**4,141,816**	983,197
	14,057,954	8,827,244

14. CONTINGENCES AND COMMITMENTS

14.1 The ownership of the Company in respect of its investment in 400,000 certificates of Modaraba Al-Mali costing Rs 2,972,822 was disputed by a person. The Company rejected this claim and filed a suit against that party in the High Court of Sindh claiming damages of Rs 20,000,000. The High Court granted an injunction in favor of the Company along with an order restraining the person to deal with the shares pending future hearing and disposal of the suit. The winding up petition as filed by the same party was also dismissed by the High Court.

After dismissal the party filed a suit against the Company in the Banking Court, Karachi, claiming Rs 19,200,000. The management of the Company, based on the opinion of the Company's lawyer, is confident that the Company has a strong case and the suit filed against the Company will be dismissed. Accordingly, no provision has been made in these financial statements in respect of the above.

14.2 There were no commitments as at April 03, 2024 (30 June 2023: Nil).

		April 03 2024	June 30 2023
		---------- (Rupees) ----------	

15. REVENUE

	Note		
Gross income			
Consultancy Fee	15.1.	**26,612,970**	-
Less: Sales Tax		**(2,406,400)**	-
		24,206,570	-

15.1. This represent the income against the consultancy provided to PGP Consortium Limited and Greeno Corporation.

RMDM

16. OTHER INCOME			
Profit on savings account and term deposit receipts		**262,039**	306,664
Loss on disposal of asset		**-**	30,825
Other		**-**	1,840,000
		262,039	2,177,489

17. SHARE OF PROFIT OF ASSOCIATES			
Digital Custodian Company Limited		**(1,105,582)**	(1,840,481)

18. OTHER EXPENSES			
Merger expenses	18.1	**4,942,096**	-
		4,942,096	-

18.1 This represent the merger related expenses.

19. ADMINISTRATIVE EXPENSES			
Salaries and other benefits:			
- Chief executive		**6,346,338**	1,979,883
- Others		**-**	166,478
Chairman's honorarium		**-**	-
Director's meeting fee		**425,000**	925,000
Rent, rates and taxes		**35,000**	84,000
Membership subscription		**363,641**	-
Repairs and maintenance		**45,000**	52,500
Travelling		**767,897**	414,400
Entertainment expenses		**1,273,600**	-
Advertisement		**100,000**	-
Legal and professional		**645,245**	880,158
Auditors' remuneration		**812,000**	750,000
CDC charges		**11,222**	56,500
Share registrar fee		**56,500**	214,700
Sundry expenses		**758,788**	535,968
Bank charges		**1,517**	-
		11,641,748	6,059,587

20. FINANCIAL CHARGES			
Financial charges	20.1	**667,193**	1,000,000
		667,193	1,000,000

20.1 This represents interest of an amount of Rs. 391,500 on loan from associated party, this loan is repaid during the year and an amount of Rs. 275,693 is interest payable on merger expenses paid by LSE Proptech Limited (Associated party) on behalf of the company.

Rmpm

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	April 03 2024	June 30 2023
	------Rupees------	

21. TAXATION

Current	**2,626,088**	3,767,276
Prior		-
Deferred	**(2,710,893)**	(341,966)
	(84,805)	3,425,310

21.1 The Company has filed the return of income for the tax year 2023 which is deemed to be an assessment order issued by the Commissioner under the provision of section 120 of the Income Tax Ordinance, 2001.

22. EARNINGS PER SHARE

22.1 Basic

Basic earnings per share has been computed by dividing the net profit for the year after taxation by the weighted average number of shares outstanding during the year.

	April 03 2024	June 30 2023
	------Rupees------	
Profit after taxation for the year	**6,357,982**	11,023,755
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**21,000,000**	12,000,000
	------Rupees------	
		(Restated)
Earnings per share	**0.30**	0.92

22.2 Diluted

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on basic earnings per share when exercised. RMDM

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23. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its former associated undertakings, employees retirement benefit plans and its key management personnel. The significant transactions carried out with related parties during the year are as follows:

	Note	April 03 2024	June 30 2023
		---Rupees---	
23.1 Transactions during the year:			
Modaraba Al Mali			
Management fee		-	2,552,212
Management fee receivable		**329,669**	12,081,867
Dividend income		**-**	-
Shares purchased/Advance against right share		**63,838,490**	13,058,800
Remaining amount paid for shares purchased		**50,779,690**	-
Loan received		**2,000,000**	-
Loan received		**250,000**	-
Loan received		**400,000**	-
Paid to Modaraba Al Mali for payments made on behalf of the company		**787,945**	-
Modaraba Al Mali paid various expenses on behalf of the company		**300,457**	-
Loan to Modaraba Al Mali		**1,800,000**	-
Loan received back from Modaraba Al Mali		**1,800,000**	-
LSE Proptech Limited			
Payable - Merger Expenses		**4,942,096**	14,420,000
Financial charges paid		**275,693**	-
LSE Financial Services Limited			
Loan received		**17,500,000**	-
Loan paid back		**17,500,000**	-
Financial charges paid		**667,193**	-
Digital Custodian Company			
Loan received		**350,000**	-
Loan received		**50,000,000**	-
Loan paid back		**50,000,000**	-
LSE Ventures Limited			
Loan Received		**101,000,000**	-
Loan Paid back		**115,420,000**	-
Key management personnel			
Salary & other Benefits of CEO		**6,346,338**	2,146,361
Loan received from CEO		**3,600,000**	-
Loan paid back to CEO		**3,600,000**	-
Loan to Shareholder		**2,000,000**	-
Loan Received back from Shareholder		**2,000,000**	-
Expenses reimbursed to Director		**465,000**	-
Director's meeting fee		**425,000**	925,000

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23.1.1 The amounts charged in these financial statements in respect of the chief executive and executives are as follows:

Apr 24	Director and	Other Executives	Chief Executive
Meeting Fee	425,000	-	
Salary & other Benefits	-	-	6,346,338
	425,000	-	6,346,338
Number of Person	7		1
Jun 23			-
Meeting Fee	2,146,361	-	
Other Benefits	-	-	925,000
	2,146,361	-	925,000
Number of Person	7		1

	Note	April 03 2024	June 30 2023
		----Rupees----	
23.2 Balance outstanding at the year end:			
Investments			
Modaraba Al Mali		133,704,303	62,706,368
Digital Custodian Company Limited		136,856,238	135,811,941
Other receivables			
Receivable from Staff Gratuity		871,476	871,476
Advance against investment - DCCL		41,000,000	41,000,000
Sundry Creditors		350,000	-
Payable to Digital Custodian Company Limited		3,558,823	-
Modaraba Al-Mali		350,000	-
Digital Custodian Company Limited			
		700,000	-
Director Fee			
LSE Proptech Limited		4,942,096	14,420,000
Payable - Merger Expenses		275,693	-
Financial Charges Payable			

Contributions and accruals in respect of staff retirement benefit funds have been disclosed in note 23 to these financial statements.

24. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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The financial assets and financial liabilities have been classified by category in the table below. The short term investments are valued as per the Level 1 category defined above whereas all other financial assets and financial liabilities falls under the Level 3 category.

	As at April 03, 2024			
	At amortized cost	**At fair value through profit or loss**	**At fair value through OCI**	**Total**
	Rupees			
Long term investment	-	-	133,704,303	133,704,303
Advances & deposits	41,248,979	-	-	41,248,979
Accrued mark-up	5,829	-	-	5,829
Other receivables	14,537,288	-	-	14,537,288
Short-term investments	-	129,898	-	129,898
Cash and bank balances	2,139,028	-	-	2,139,028
	57,931,124	129,898	133,704,303	191,765,325

	As at April 03, 2024			
	At amortized cost	**At fair value through profit or loss**	**At fair value through OCI**	**Total**
	Rupees			
LIABILITIES				
Accrued and other liabilities	14,057,954	-	-	14,057,954
	14,057,954	-	-	14,057,954

	As at June 30, 2023			
	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total
	Rupees			
ASSETS				
Long term investment	-	-	62,706,368	62,706,368
Advances & deposits	54,291,300	-	-	54,291,300
Accrued mark-up	24,137	-	-	24,137
Other receivables	54,735,340	-	-	54,735,340
Short-term investments	-	129,898	-	129,898
Cash and bank balances	88,715	-	-	88,715
	109,139,492	129,898	62,706,368	171,975,758

	As at June 30, 2023			
	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total
	Rupees			
LIABILITIES				
Accrued and other liabilities	8,827,244	-	-	8,827,244
	8,827,244	-	-	8,827,244

25. FINANCIAL RISK MANAGEMENT

The Company primarily invests in a portfolio of money market investments such as mutual fund units and capital market investments such as modaraba certificates. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

RMDM

25.1 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Company's credit risk is primarily attributable to its investments and balances with banks. The credit risk on the Company is limited because the counter parties are financial institutions with reasonably high credit ratings.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

The analysis below summarizes the credit quality of the Company's financial assets as at June 30, 2023:

Bank balances by rating category	April 03, 2024	June 2023
A1+	3%	3%
A1	97%	97%
	100%	100%

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

25.2 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

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

	As at April 03, 2024			
	Up to three months	More than three months and up to one year	More than one year	Total
	Rupees			
Liabilities				
Accrued expenses and other liabilities	**14,057,954**	**-**	**-**	**14,057,954**

	As at June 30, 2023			
	Up to three months	More than three months and up to one year	More than one year	Total
	Rupees			
Liabilities				
Accrued expenses and other liabilities	8,827,244	-	-	8,827,244

25.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Rmpm

25.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

25.3.2 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 yields. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Effective interest rate		Carrying amount	
	2024	2023	**2024**	2023
	------------Rupees------------		------------Rupees------------	
Variable rate instruments				
Bank balances - Savings account	**5% to 6%**	5% to 6%	**2,137,228**	86,915

Sensitivity analysis

The Company does not have any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate financial instruments

A change in 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 30, 2023.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	------------Rupees------------		------------Rupees------------	
As at 03 April 2024				
Bank balances - Savings account	**21,372**	**(21,372)**	**21,372**	**(21,372)**
As at 30 June 2023				
Bank balances - Savings account	869	(869)	869	(869)

25.3.3 Price Risk

Price risk is 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 risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of PSX index and the value of individual shares & modaraba certificates or the NAV's of mutual fund units.

The table below summarizes the Company's equity price risk as at 30 June 2023 & 30 June 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end:

	Fair value	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in profit / (loss) after taxation	Hypothetical increase / (decrease) in OCI	Hypothetical increase / (decrease) in shareholder's equity
	Rupees				
April 03, 2024	-	10% increase	-	-	-
		10% decrease	-	-	-
June 30, 2023	129,898	10% increase	12,990	-	12,990
		10% decrease	(12,990)	-	(12,990)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

RmDM

24/25

26. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Company is currently financing its operations through equity and working capital. The Company has no gearing risk in the current year.

27. MERGER AND SCHEME OF ARRANGEMENT AND RECONSTRUCTION

The Honorable Lahore High Court, in his order dated Apr 3, 2024, has allowed the merger petition and has sanctioned the Scheme of Arrangement and Reconstruction **(C.O 78278/2023)** in the matter of transfer of complete business and undertaking of Modaraba Al Mali/Petitioner No 2, and LSE Proptech Limited/Petitioner No 3, with and into LSE Capital Limited/Petitioner No 1. Further under the same order, the Honorable Court has also approved the partial merger/transfer of some designated assets of LSE Capital Limited and Modaraba Al-Mali with and into LSE Financial Services Limited/Petitioner No 4. The Honorable Court has ordered the Scheme to take effect in terms of its relevant clauses, and has ordered the Scheme to form part of the Judgement of the Honorable High Court.

28. NUMBER OF EMPLOYEES

Average number of employees during the year	**2**	2
Number of employees as at year end	**2**	2

29. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise specified.

30. DATE OF AUTHORISATION

These financial statements were authorized for issue on May 27, 2024 by the Board of Directors of the Company. RMDM

Chief Executive | **Director**