LSE FINANCIAL SERVICES LIMITED

FOR THE PERIOD ENDED APRIL 03, 2024

Crowe

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS 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 April 03, 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 period from July 01, 2023 to April 03, 2024 and notes to and forming part of the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as at April 03, 2024, and of its financial performance and its cash flows for the period from July 01, 2023 to April 03, 2024 in accordance with the applicable financial reporting framework for the purpose as stated in Note 2.1 of the financial statements.

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 *Auditors' 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 - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2.1 to the annexed financial statement, which describes the basis of accounting along with purpose of preparing these financial statements. As a result, these financial statements may not be suitable for another purpose. Our report is intended solely for the Board of directors and Public Offerings Revolutionized through an Integrated & Digitized Experience (PRIDE). 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 applicable financial reporting framework and for such internal control as the 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, the 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 the 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.

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Auditors' 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 auditors' 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 the 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 auditors' 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.

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

Crowe Hussain Ch & Co.

Lahore
Dated: May 27, 2024

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT APRIL 03, 2024

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
ASSETS			
Non Current Assets			
Operating fixed assets	4	307	-
Deferred tax	5	7,042	7,284
Loans and advances	6	10,368	-
Long term deposits	7	15,009	25,009
		32,726	32,293
Current Assets			
Financial assets	8	147,174	363,648
Sundry and other receivables	9	14,071	18,045
Advances and prepayments	10	36,133	1,006
Tax refunds due from the Government - net	11	41,756	44,319
Bank balances	12	29,235	51,844
		268,369	478,862
		301,095	511,155
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
52,000,000 (2023: 52,000,000) ordinary shares of Rs. 10 each		520,000	520,000
Issued, subscribed and paid-up share capital	13	100,000	100,000
(Accumulated loss) / Unappropriated profit		(3,671)	718
Total Equity		96,329	100,718
Non-Current Liabilities			
Long term financing	14	1,924	3,848
Current Liabilities			
Payables and other liabilities	15	188,445	390,592
Current portion of long term financing	14	2,405	1,924
		190,850	392,516
Deposits payable related to discontinued operations	16	11,992	14,073
Contingencies and Commitments	17	-	-
		301,095	511,155

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM JULY 01, 2023 TO APRIL 03, 2024

	Note	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
		Rupees in thousands	
Revenue	18	29,866	54,299
Other income	19	11,728	15,552
Operating Expenses			
Administrative and general expenses	20	(42,187)	(56,313)
Other operating expenses	21	-	(16,585)
Operating Loss		(593)	(3,047)
Finance cost	22	(206)	(271)
Share of profit of associates accounted for using the equity method - net of tax		-	37,362
(Loss) / Profit before Taxation		(799)	34,044
Taxation	23	(3,590)	(33,009)
Net Loss / (Profit) for the Period / Year		(4,389)	1,035
(Loss) / Earnings Per Share - Basic and Diluted	24	(0.44)	0.04

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 01, 2023 TO APRIL 03, 2024

	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
	Rupees in thousands	
Net Loss / (Profit) for the Period / Year	(4,389)	1,035
Other Comprehensive Income for the Period / Year		
Items that may be subsequently reclassified to profit or loss	-	-
Items that may not be reclassified to profit or loss		
Share of other comprehensive income in associate - net of tax	-	4,843
	-	4,843
Total Comprehensive (Loss) / Income for the Period / Year	(4,389)	5,878

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JULY 01, 2023 TO APRIL 03, 2024

	Share Capital	Surplus on Revaluation of Property and Equipment	Revenue Reserves			Total Equity
			Building Reserve	Accumulated loss	Total	
	------ Rupees in Thousands ------					
Balance as at June 30, 2022	1,795,979	774,569	3,829	917,101	920,930	3,491,478
Net income for the year	-	-	-	1,035	1,035	1,035
Other comprehensive income	-	-	-	4,843	4,843	4,843
Total comprehensive income for the year	-	-	-	5,878	5,878	5,878
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	-	-	4,146	-	4,146	4,146
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,326)	-	1,326	1,326	-
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
Net loss for the period	-	-	-	(4,389)	(4,389)	(4,389)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,389)	(4,389)	(4,389)
Balance as at April 03, 2024	100,000	-	-	(3,671)	(3,671)	96,329

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 01, 2023 TO APRIL 03, 2024

	Note	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
		Rupees in thousands	
Cash (Used in) / Generated from Operations	25	(17,130)	7,494
Employees' welfare fund paid		-	-
Finance cost paid		(218)	(310)
Income tax paid		(4,558)	(42,754)
Net Cash Used in Operating Activities		(21,906)	(35,570)
Cash Flows from Investing Activities			
Operating fixed assets purchased		(332)	(2,902)
Proceeds from disposal of capital work in progress		-	331
Net investment in finance lease - rentals		-	66
Investments made during the period / year		(6,875,288)	(680,173)
Investments matured during the period / year		7,095,535	895,157
Long term deposits matured / (paid)		10,000	(21,035)
Dividend received		-	16,098
Net Cash Generated from Investing Activities		229,915	207,542
Cash Flows from Financing Activities			
Dividend paid		-	(54,412)
Long term financing paid		(1,443)	(2,022)
Loan (returned) / received for MTS investment		(229,175)	316,525
Transfer to group concerns as per scheme		-	(479,255)
Building reserve		-	4,146
Net Cash Used in Financing Activities		(230,618)	(215,018)
Net Decrease in Cash and Cash Equivalents		(22,609)	(43,047)
Cash and cash equivalents at the beginning of the period / year		51,844	94,891
Cash and Cash Equivalents at the end of the Period / Year		29,235	51,844

The annexed notes from 1 to 33 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 PERIOD FROM JULY 01, 2023 TO APRIL 03, 2024

Note 1

Legal Status and its Nature of Business

1.1 Legal status and operations

LSE Financial Services Limited ("the Company") was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the 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 Company limited by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. The registered office of the Company is situated at 19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan. 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.

Prior to cessation of the stock exchange operations, the Company was engaged in listing, conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scrips, participation term certificates, modaraba certificates, pre-organization certificates and securities, stocks, bonds, debentures, debenture stocks, Government papers, loans and any other instruments and securities of like nature including but not limited to special national fund bonds and documents of a similar nature issued by the Government of Pakistan or any institution or agency authorized by it.

1.2 Discontinuing Operations

The Company entered into a Memorandum of Understanding (MoU) on August 25, 2015 with Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited with the objective to form an integrated stock exchange for development of capital market of Pakistan under the name of Pakistan Stock Exchange Limited (PSX). Pursuant to the MoU, the Board of Directors of the Company approved a scheme of integration on September 23, 2015. The scheme was approved by the members of the Company in extraordinary general meeting held on October 28, 2015 for submission to the Commission. As per the MoU and the proposed scheme of integration, only stock exchange operations were merged into Pakistan Stock Exchange Limited and Trading Rights Entitlement Certificate (TREC) Holders of Lahore Stock Exchange became TREC Holders of PSX under the scheme of integration. The Commission approved the application of the Company to change its name from Lahore Stock Exchange Limited to 'LSE Financial Services Limited' and the Company ceased to exist as stock exchange. The Company was granted license to carry out Investment Finance Services as a NBFC on January 11, 2016.

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:

Note 2.1,Statement of compliance - Continued...

- 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.

Pursuant to the petition for merger of LSE Capital Limited, Modaraba Al Mali, LSE Proptech Limited and LSE Financial Services Limited filed by their respective Company Sectretaries / Chief Executive Officers dated November 28, 2023, under section 279 to 285 of the Companies Act, 2017, the Honorable Lahore High Court, Lahore vide its order no. 78278/2023, dated April 03, 2024, sanctioned the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger ("Scheme"). Owing to the order of Honorable Lahore High Court, the Scheme has been made effective from April 03, 2024. As per clause XXII of the Scheme, the merging entities are required to prepare their respective financial statements for the period from July 01, 2023 to April 03, 2024; resultantly, these financial statements have been extracted to comply with the particular requirements of the Scheme. The merged / surviving entities shall prepare their annual financial statements for the year ended June 30, 2024 per se the requirements of the applicable reporting framework.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the period ended April 03, 2024. These standards, amendments and interpretations 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** Beginning on or After
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction — (Amendments)	January 1, 2023

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** Beginning on or After
IAS 1 Classification of liabilities as current or non-current and non-current liabilities with covenants — (Amendments)	January 1, 2024
IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements (Amendments)	January 1, 2024
IAS 21 Lack of exchangeability - (Amendments)	January 1, 2025
IFRS 17 Insurance Contracts	January 1, 2025

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

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:

Certain property and equipment	Note - 4	(Stated at revalued amount)
Financial assets - investments	Note - 8	(Stated at amortised cost)

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:

- Useful lives, residual values and depreciation method of operating assets - Note 3.1 & 4
- Provision against doubtful sundry and other receivables - Note 3.3 & 9
- Estimation of provisions and contingent liabilities - Note 3.10, 3.12 & 17
- Estimation of Current income tax expense, provision for current tax and recognition of deferred tax asset / liabilities - Note 3.2, 5, 11 & 23

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 3.2, Taxation - Continued...

Note 3
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied in the preparation of these financial statements and are same as those applied in earlier periods presented, unless stated otherwise.

3.1 Operating assets

Measurement

All Operating assets are stated at cost / revalued amount less accumulated depreciation and identified impairment loss, if any.

Depreciation

Depreciation on all depreciable assets is charged to statement of profit or loss on the reducing balance method so as to write off the depreciable amount of an asset over its economic useful life using the annual rates mentioned in note 4.1.

Depreciation on additions to operating assets is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

Disposal

The gain or loss arising on disposal or retirement of an item of operating assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in statement of profit or loss.

3.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in statement of 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.

Note 3.2, Taxation - Continued...

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.

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.
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.

Off-setting

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

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

Expected credit loss

A provision for impairment of 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.

Note 3.4.1, Financial liabilities - 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 trade receivables, the Company applies a simplified approach in calculating ECLs. 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 has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors 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 trade and other 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 statement of profit or loss. Difference between the carrying amount and consideration paid is recognized in statement of 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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Note 3, Significant Accounting Policies - Continued...

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:

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 Trade and other payables

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 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Dividend

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

3.15 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.

Note 4
Operating Fixed Assets

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Operating fixed assets	4.1	307	-

Note 4.1
Operating Fixed Assets

Particulars	Cost / Revalued Amounts				Rate	Accumulated Depreciation			Written Down Value as at April 03, 2024
	As at July 01, 2023	Additions	Disposals	Balance as at April 03, 2024		As at July 01, 2023	Charge for the period	Balance as at April 03, 2024	
	Rupees in thousands				%	Rupees in thousands			
Owned assets									
Computer and accessories	-	332	-	332	30%	-	25	25	307

Particulars	Cost / Revalued Amounts				Rate	Accumulated Depreciation			Written Down Value as at June 30, 2023
	As at July 1, 2022	Additions	Disposals	Transfer to LPL		As at July 1, 2022	Charge for the year	Transfer to LPL	
	Rupees in thousands				%	Rupees in thousands			
Owned assets									
Land freehold	1,059,660	-	-	(1,059,660)	-	-	-	-	-
Buildings on freehold land	120,071	2,315	-	(122,386)	5%	15,572	445	(16,017)	-
Computer and accessories	34,803	143	-	(34,946)	30%	30,020	123	(30,143)	-
Furniture and fixture	15,080	199	-	(15,279)	10%	8,451	57	(8,508)	-
Office equipment	6,631	-	-	(6,631)	20%	6,414	3	(6,417)	-
Electric fittings and appliances	136,677	246	-	(136,923)	20%	83,870	885	(84,755)	-
Vehicles	21,521	-	-	(21,521)	20%	1,812	328	(2,140)	-
Elevator	19,969	-	-	(19,969)	20%	14,221	96	(14,317)	-
Generators	34,206	-	-	(34,206)	10%	19,232	124	(19,356)	-
Arms and security equipment	6,210	-	-	(6,210)	10%	2,500	31	(2,531)	-
Library books	318	-	-	(318)	25%	317	0	(317)	-
Leasehold improvements	5,697	-	-	(5,697)	20%	5,697	-	(5,697)	-
	1,460,843	2,902	-	(1,463,745)		188,106	2,093	(190,199)	-

Note 5
Deferred Tax (Asset) / Liability - Net

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Deferred tax asset	5.1	(7,042)	(7,284)

5.1 Reconciliation of deferred tax (assets) / liabilities - Net

	April 03, 2024	June 30, 2023
Opening balance	(7,284)	148,497
Transferred as per demerger scheme	-	(148,497)
Charged to statement of profit or loss	242	(7,284)
Closing balance	(7,042)	(7,284)

Note 6
Loans and Advances

	April 03, 2024	June 30, 2023
	Rupees in thousands	
Loan to director	24,192	-
Less: current portion of loan	(13,824)	-
	10,368	-

6.1 Movement in loan against salary

	April 03, 2024	June 30, 2023
Opening balance	-	-
Loan disbursed during the period / year	27,648	-
Loan recovered during the period / year	(3,456)	-
Closing balance	24,192	-

6.2 This represents loan provided to the Chief Executive Officer of the Company as per Company's policy and duly approved by the Board of directors. This is repayable in equal 24 monthly installments and carries markup @ 12% per annum.

Note 7
Long Term Deposits

	April 03, 2024	June 30, 2023
	Rupees in thousands	
Utilities	1,224	1,224
Deposit against Margin Trading System of NCCPL	13,785	23,785
	15,009	25,009

Note 8
Financial Assets

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
At amortised cost			
Investment in Margin Trading System of NCCPL	8.1	131,391	363,648
Government treasury bills	8.2	15,783	-
		147,174	363,648

8.1 Investment on Margin Trading System of NCCPL is an undisclosed market of financees and financers with a participation ratio of 85 to 15 carrying markup of KIBOR with spread of maximum upto 8% (June 30, 2023: 8%).

8.2 This represent treasury bill purchased for period of 3 months having yield of 21.25% due for maturity on June 13, 2024. This investment is made on behalf of default management committee and return thereon is payable to the Investor Protection Fund (IPF).

Note 9
Sundry and Other Receivables

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Sundry receivables		2,605	2,542
Due from related parties	9.1	4,683	6,697
Accrued mark-up		5,830	8,120
Dividend receivable		686	686
Others receivables		267	-
		14,071	18,045

9.1 Due from related parties

	Gross Amount Due		Maximum Outstanding amount
	April 03, 2024	June 30, 2023	From July 01, 2023 to April 03, 2024
	Rupees in thousands		
Modaraba Al Mali	-	940	940
LSE Proptech Limited	1,307	4,228	4,228
LSE Ventures Limited	3,376	1,529	3,376
	4,684	6,697	

9.1.1 Age analysis of due from related parties

Description	Past due					Total
	0-30 Days	31-60 Days	61-90 Days	91-365 Days	Above 365 days	
	--------------------Rupees in thousands--------------------					
Period Ended April 03, 2024						
Modaraba Al Mali	-	-	-	-	-	-
LSE Proptech Limited	1,307	-	-	-	-	1,307
LSE Ventures Limited	3,376	-	-	-	-	3,376
	4,684	-	-	-	-	4,684
Year Ended June 30, 2023						
Modaraba Al Mali	940	-	-	-	-	940
LSE Proptech Limited	4,228	-	-	-	-	4,228
LSE Ventures Limited	1,529	-	-	-	-	1,529
	6,697	-	-	-	-	6,697

Note 10
Advances and Prepayments

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Unsecured - Considered good			
Advance for purchase of shares	10.1	11,239	-
Advance against vehicle	10.2	7,570	-
Prepayments		3,500	1,006
Current portion of loan to director against salary		13,824	-
		36,133	1,006

10.1 This advance has been given for purchase of shares of Ghani Chemicals Industries Limited.

10.2 This represents advance given to Executive Director of the Company for fully maintained vehicle duly approved by the board of directors.

Note 11
Tax Refunds Due from the Government - Net

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Income tax	11.1	41,756	44,319

11.1 Movement in income tax

	April 03, 2024	June 30, 2023
Wealth tax paid:		
- under protest	10,063	10,063
- with returns	461	461
	10,524	10,524
Less: Provision for wealth tax	(3,728)	(3,728)
	6,796	6,796
Income tax deducted at source - net	37,155	75,866
Less: Provision of income tax for the period / year	(2,195)	(38,343)
	34,960	37,523
	41,756	44,319

Note 12
Bank Balances

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Cash at bank in savings accounts	12.1	29,235	51,844

12.1 Cash at banks in saving accounts carry mark-up ranging from 19.50% to 20.50% per annum (June 30, 2023: 12.25% to 20.50% per annum).

12.2 The above figures of bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

12.3 It includes deposit of Rs. 5.4 million under lien by Bank Al-Habib Limited against a loan facility of SBP financing scheme for renewable energy (Note 14).

Note 13
Issued, Subscribed and Paid-up Share Capital

April 03, 2024	June 30, 2023		April 03, 2024	June 30, 2023
Number of shares			Rupees in thousands	
10,000,000	10,000,000	Ordinary shares of Rs. 10 each issued other than in cash	100,000	100,000
10,000,000	10,000,000		100,000	100,000

13.1 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.

13.2 The Company was demerged as per Lahore High Court Order dated April 26, 2023 under which share capital was transferred to LSE Ventures Limited and 100% equivalent shares of the Company were issued in favour of LSE Ventures Limited amounting to Rs. 100 million from effective date i.e. July 01, 2022.

13.3 Reconciliation of changes in number of shares is as follows:

	April 03, 2024	June 30, 2023
	Number of shares	
Opening balance	10,000,000	179,597,880
Share cancelled during the period / year	-	(179,597,880)
Shares issued during the period / year	-	10,000,000
Closing balance	10,000,000	10,000,000

Note 14
Long Term Financing

	April 03, 2024	June 30, 2023
	Rupees in thousands	
Bank Al Habib Limited	4,329	5,772
Less: Current portion	(2,405)	(1,924)
	1,924	3,848

14.1 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. 5.4 million. The tenor of the facility is 5 years from the date of disbursement.

Note 15

Payables and Other Liabilities

	Note	**April 03, 2024**	**June 30, 2023**
		Rupees in thousands	
Trade creditors		-	1,034
Accrued liabilities		2,329	1,444
Due to members		2,158	2,158
Defaulted members' membership sale proceeds	15.1	61,627	45,127
Deposit for Margin trading system exposure	15.2	10,000	-
Loan for Margin Trading System	15.3	92,826	316,526
Return on loan payable for Margin Trading System		15,076	20,551
Punjab Workers Welfare Fund payable		2,345	2,345
Sales tax payable		1,925	1,365
Interest income on T-Bill payable		129	-
Accrued mark-up		30	42
		188,445	390,592

15.1 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.

15.2 This represents amount received from LSE Proptech Limited for exposure made in Margin Trading System (MTS) of NCCPL .

15.3 Breakup of loan for Margin Trading System - related parties

Principal amount		
- LSE Ventures Limited	81,506	316,526
- LSE Proptech Limited	11,320	-
	92,826	316,526
Return accrued thereon		
- LSE Ventures Limited	12,553	20,551
- LSE Proptech Limited	2,523	-
	15,076	20,551
	107,902	337,077

15.3.1 This represents loan received from LSE Ventures Limited and LSE Proptech Limited for investment in Margin Trading System (MTS) of NCCPL. Investment on Margin Trading System of NCCPL is an undisclosed market of finances and financers 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 Proptech Limited. Markup earned is paid net of 1% service charges and MTS charges.

Note 16

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.

Note 17
Contingencies and Commitments

17.1 Contingencies

17.1.1 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.

17.1.2 After the integration of all the three Stock Exchanges in Pakistan vide Order No. 1 of 2016 dated January 11, 2016 issued by SECP, all the pending 33 (2023: 33) cases related to Brokers and TREC Holders of erstwhile Lahore Stock Exchange Limited were referred to the Funds Committee (constituted by SECP under the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012 for follow up and disposals of cases. These cases have been taken up by the Funds Committee and have been reported to the SECP through quarterly reports. Accordingly, the relevant contingent liability was also transferred to relevant MCF, IPF and TCF Trusts to the tune of Rs. 1.324 billion (2023: Rs. 1.324 billion).

17.1.3 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.

17.2 Commitments

There is no commitment outstanding as at the reporting date (June 30, 2023: Rs. Nil).

Note 18
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.

	Note	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
		Rupees in thousands	
Revenue from Margin Trading System of NCCPL		11,161	14,403
Investment properties - rental income		-	14,322
Other revenues - inclusive of PRA sales tax			
Fund and operational management fee	18.1	21,698	25,592
Room maintenance services		-	3,622
Software services		-	408
		21,698	29,622
Less: PRA sales tax		(2,993)	(4,049)
		18,705	25,573
		29,866	54,299

18.1 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 March 31, 2024.

Note 19
Other Income

	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
	Rupees in thousands	
Income from financial assets		
At amortized cost / under effective interest method		
Profit on saving accounts	8,267	9,744
Market treasusury bills	-	3,161
Dividend income	215	-
Liability written back	778	-
Interest income on exposure in MTS	59	-
Miscellaneous income	2,408	2,549
	11,728	15,453
Income from non-financial assets		
Gain on disposal of operating assets	-	99
	11,728	15,552

Note 20
Administrative and General Expenses

	Note	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
		----- Rupees in thousands -----	
Salaries and benefits	20.1	22,783	26,724
Information technology related expenses		44	883
Insurance		17	74
Travelling and conveyance		2,094	2,682
Printing and stationery		35	37
Utilities		3,618	1,207
Repairs and maintenance		227	6,386
Security expenses		62	1,570
Communication and public relations		39	1,103
Legal and professional charges		4,384	4,265
Marginal Trading System charges		3,901	1,083
Fees and subscription		1,699	1,016
Rent, rates and taxes		100	154
Auditors' remuneration	20.2	525	1,121
Board meetings fee		2,600	4,730
Others		35	1,185
Depreciation		25	2,093
		42,187	56,313

Note 20, Administrative and General Expenses - Contd...

20.1 Salaries and benefits include Rs. 0.953 million (2023: Rs. 1.267 million) in respect of contribution to provident fund.

20.2 Auditors' remuneration

Annual audit fee	-	333
Special purpose audit fee	525	-
Half yearly review fee	-	111
Other assurance services	-	525
Certifications for regulatory purposes	-	74
Agreed upon procedures	-	79
	525	1,121

Note 21
Other Operating Expenses

	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
	Rupees in thousands	
Punjab Workers' Welfare Fund	-	2,345
Diminution in the value of investment	-	14,240
	-	16,585

Note 22
Finance Cost

	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
	Rupees in thousands	
Mark-up on long term financing	158	243
Bank charges	48	28
	206	271

Note 23
Taxation

	Note	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
		Rupees in thousands	
Current		2,195	38,343
Prior year		1,152	1,949
Deferred tax	23.2	242	(7,284)
		3,590	33,009

23.1 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.

23.2 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.

Note 24

(Loss) / Earnings per Share - Basic and Diluted

		From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
Net (loss) / profit for the period / year attributable to ordinary shareholders	(Rupees in thousands)	(4,389)	1,035
Weighted average number of ordinary shares	(Number of shares in thousands)	10,000	24,404
(Loss) / Earnings per share - basic & diluted	(Rupees)	(0.44)	0.04

23.1 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 25

Cash (Used in) / Generated from Operations

	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
	Rupees in thousands	
(Loss) / Profit before tax	(799)	34,044
Adjustments		
Depreciation	25	2,093
Share of profit of associates	-	(37,362)
Income on net investment in finance lease	-	(29)
Gain on disposal of property and equipment	-	(99)
Unrealized Fair Value Loss on investment - net	-	14,240
Workers welfare fund	-	2,345
Recovery of ECL on trade and other receivables - net	-	(482)
Finance cost	206	271
Profit / (Loss) before working capital changes	231	(19,023)
(Increase) / decrease in current assets:		
- Inventory	-	(1,677)
- Sundry and other receivables	3,974	(40,685)
- Advances and prepayments	(45,495)	(19,608)
	(41,521)	(61,970)
Increase / (decrease) in current liabilities:		
- Trade and other payables	27,040	54,503
- Deposits payable related to discontinued operations	(2,081)	(60)
	24,959	54,443
	(16,562)	(7,527)
Cash (Used in) / Generated From Operations	(17,130)	7,494

Note 26
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.

26.1 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:

	April 03, 2024	June 30, 2023
	Rupees in thousands	
Floating rate instruments		
Financial assets		
Marginal Trading System (MTS)	131,391	363,648
Bank balances	29,235	51,844
Fixed rate instruments		
Financial assets		
Investment in Government T-Bills	15,783	-
Financial liabilities		
Long term financing	4,329	5,772

Note 26, 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, (loss) / profit before tax for the period would have been higher / lower by Rs. 1.606 million (2023: Rs. 4.155 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 certain investments amounting to Nil (2023: Nil).

26.2 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 trade 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:

	Note	April 03, 2024	June 30, 2023
		Rupees in thousands	
Long term deposits	7	15,009	25,009
Financial assets	8	147,174	363,648
Sundry and other receivables	9	14,071	18,045
Bank balances	12	29,235	51,844
		205,489	458,546

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 over five years, and only trivial customers' balances have been written off. In monitoring customer credit risk, customers are individually assessed according to their trading history and repayment behavior with the Company.

The risk management committee 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 sundry and other receivables.

Note 26, Financial Risk Management - Contd...

The Company evaluates the concentration of risk with respect to sundry 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 sundry 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			April 03, 2024	June 30, 2023
	Short term	Long term	Agency	Rupees in thousands	
Allied Bank Limited	A1+	AAA	PACRA	7	7
Bank Alfalah Limited	A1+	AA+	PACRA	1,799	4,275
Bank Al-Habib Limited	A1+	AAA	PACRA	18,326	11,990
Habib Bank Limited	A1+	AAA	VIS	2,009	28,537
MCB Bank Limited	A1+	AAA	PACRA	6,969	6,925
National Bank of Pakistan	A1+	AAA	PACRA	66	58
Summit Bank Limited	N/A	B	VIS	59	52
				29,235	51,844

26.3 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 an adequate amount of committed 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 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
	---- Rupees in thousands ----					
Contractual maturities of financial liabilities as at April 03, 2024:						
Long term financing	4,329	6,830	2,405	4,425	-	-
Payables and other liabilities	184,175	184,175	184,175	-	-	-
	188,504	191,005	186,580	4,425	-	-
Contractual maturities of financial liabilities as at June 30, 2023:						
Long term financing	5,772	6,692	2,145	2,069	2,478	-
Payables and other liabilities	386,882	386,882	386,882	-	-	-
	392,654	393,574	389,027	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.

26.4 Financial instruments by categories

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	---- Rupees in thousands ----			
Financial assets as at April 03, 2024				
Sundry and other receivables	-	14,071	-	14,071
Long term deposits	-	15,009	-	15,009
Financial assets	-	147,174	-	147,174
Bank balances	-	29,235	-	29,235
	-	205,489	-	205,489

Note 26, Financial Risk Management - Continued...

Financial assets as at June 30, 2023	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
Sundry and other receivables	-	18,045	-	18,045
Long term deposits	-	25,009	-	25,009
Financial assets	-	363,648	-	363,648
Bank balances	-	51,844	-	51,844
	-	458,546	-	458,546

Financial liabilities at amortized cost	April 03, 2024	June 30, 2023
	Rupees in thousands	
Long term financing	4,329	5,772
Payables and other liabilities	184,175	386,882
	188,504	392,654

26.5 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 27
Capital Risk Management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to shareholders.

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, selling surplus property and equipment without affecting the optimal operating level and regulating 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 calculated as follows:

	April 03,2024	June 30, 2023
	Rupees in thousands	
Net debt	4,329	5,772
Equity	96,329	100,718
Total capital employed	100,658	106,490
Gearing ratio	4.30%	5.42%

Note 28
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)
LSE Ventures Limited	Holding Company	100%
LSE Proptech Limited	Group Company	Group Company
Modarba Al Mali	Associate through Holding Company	Associate through Holding Company
Mr. Aftab Ahmad	Non-Executive Director	Director
Mr. Amir Zia	Non-Executive Director	Director
Rana Naveed Ahmed	Non-Executive Director	Director
Ms. Aasiya Riaz	Non-Executive Director	Director
Mr. Muhammad Sajjad Hyder	Non-Executive Director	Director
Mr. Muhammad Usman	Non-Executive Director	Director
Syed Jawwad Ahmad	Non-Executive Director	Director
Mr. Gohar Rehman Mirza	Independent Director	Director
Mr. Muhammad Iqbal	Independent Director	Director
Ms. Huma Ijaz	Independent Director	Director
Syed Muhammad Talib Rizvi	Independent Director	Director

Names of Related Parties	Relationship	Transaction During the period	From July 01, 2023 to April 03, 2024	From July 01, 2022 to June 30, 2023
			Rupees in thousands	
LSE Ventures Limited	Holding Company	Shares purchased by the Company	-	(10,000)
		Reimbursement of accrued profits	-	(20,551)
		Funds received for investment in MTS	159,000	316,526
		Funds paid	(394,020)	-
		Expenses paid on behalf of Company	10,570	1,529
		Investment in MTS - return paid	(57,138)	-
		Investment in MTS - return accrued	(9,177)	-
		Advance transfer / sold	(11,239)	-
LSE Proptech Limited	Associate	Fund received for investment in MTS	31,320	42,000
		Funds paid	(20,000)	(42,000)
		return on investment in MTS	2,523	(1,779)
		Return on investment in MTS - paid	(1,307)	
		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)	
Modaraba Al Mali		Expense paid on the behalf of Company	-	(940)
		Payment received during the period / year	940	-
LSE - Employees' Provident Fund Trust	Employee benefit trust	Contribution for the period / year	(953)	(437)

Note 28, Transactions and Balances with Related Parties - Contd ...

Balances outstanding as at,	**April 03, 2024**	**June 30, 2023**
	Rupees in thousands	
Trade and other receivables		
LSE Ventures Limited	3,376	1,529
LSE Proptech Limited	1,307	4,228
Modaraba Al Mali	-	940
Trade and other payables		
Loan for investment in MTS		
- LSE Proptech Limited	11,320	-
- LSE Ventures Limited	81,506	316,526
Return on investment MTS		
- LSE Proptech Limited	2,523	-
- LSE Ventures Limited	12,553	20,551

Note 29

Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive Officer		**Directors**		**Executives**		**Total**	
	From July 01, 2023 to April 03, 2024	**From July 01, 2022 to June 30, 2023**	**From July 01, 2023 to April 03, 2024**	**From July 01, 2022 to June 30, 2023**	**From July 01, 2023 to April 03, 2024**	**From July 01, 2022 to June 30, 2023**	**From July 01, 2023 to April 03, 2024**	**From July 01, 2022 to June 30, 2023**
	-----Rupees in Thousands-----							
Managerial remuneration	950	7,920	3,600	-	360	2,940	4,910	10,860
Company's contribution to the provident fund trust	86	720	-	-	360	267	446	987
Housing and utilities	475	3,960	-	-	1,980	1,470	2,455	5,430
Meeting fees	-	-	2,600	4,730	-	-	2,600	4,730
Others	380	3,963	13	1,350	759	820	1,151	6,133
	1,891	16,563	6,213	6,080	3,459	5,497	11,562	28,140
Number of persons	1	1	10	10	1	2	12	13

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

29.2 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 30

No. of Employees

	April 03, 2024	**June 30, 2023**
Total number of employees at the period / year end	3	3
Average number of employees during the period / year	3	4

Note 31
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 32
Authorization For Issue

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on 27 MAY 2024

Note 33
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements. The current period presented is not for the entire year and covers a period of 9 months i.e. from July 01, 2023 to April 03, 2024; therefore, the corresponding figures are not fully comparable.

CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**