NOTICE OF
EXTRAORDINARY GENERAL MEETING

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

BY AND BETWEEN

1. **DIGITAL CUSTODIAN COMPANY LIMITED AND ITS MEMBERS**

AND

2. **LSE FINANCIAL SERVICES LIMITED AND ITS MEMBERS**

AND

3. **LSE FINANCIAL SERVICES LIMITED** (AND ITS MEMBERS) **AND DIGITAL CUSTODIAN COMPANY LIMITED** (AND ITS MEMBERS)

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 AND ALL OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017)

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LSE FINANCIAL SERVICES LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING
FOR THE APPROVAL OF THE SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

In compliance with the order of the Honorable Lahore High Court, Lahore, passed in Civil Original No. 75382/2024, this notice, duly approved by the following joint chairmen of the meeting, is hereby given for the convening of the Extraordinary General Meeting (EOGM) of the shareholders of LSE Financial Services Limited (**LSEFSL**/the Company) will be held on Saturday, 28th day December, 2024, at 10:00 AM at the registered office of the Company i.e. The Exchange Hub, LSE Plaza, 19-Kashmir Egerton Road, Lahore, to transact the following special business:

AGENDA ITEM No. 1: To consider and if deemed fit adopt, approve and pass, by way of special resolution, the Scheme of Compromises, Arrangement and Reconstruction as attached with this agenda item, and pass the following resolution:

"RESOLVED THAT the draft of the Scheme of Compromises, Arrangement and Reconstruction, as attached with this agenda item, by and between and for the following (in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017), be and is hereby approved, enabling the reconstitution/ reconstruction of the share capital and reserves and the transfer of the designated assets and liabilities, responsibilities and functions for the administration of the statutory funds of the following companies involved in the Scheme:

- Digital Custodian Company Limited and its Members, and
- LSE Financial Services Limited and its Members; and
- LSE Financial Services Limited (and Its Members) and Digital Custodian Company Limited (and its members)

RESOLVED FURTHER THAT the approval of the shareholders, be and is also hereby granted, to the terms and conditions as set out in the draft Scheme including the approvals and authorizations as given in Schedule-5 of the Scheme, and

RESOLVED FURTHER THAT the approval be and is hereby also accorded for the implementation of the Scheme, upon its sanction by the honorable Lahore High Court subject to any changes, modifications, additions and directions as ordered by the honorable Lahore High Court, and

RESOLVED FURTHER THAT the Chief Executive or the Company Secretary of **LSE Financial Services/Digital Custodian Company Limited**, be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned Scheme of

Arrangement to the competent authorities including but not limited to the honorable Lahore High Court, the Securities and Exchange Commission of Pakistan, the Competition Commission of Pakistan, etc., if required."

Issued after the approval of the following Joint Chairmen of the meeting, appointed by the Honorable Lahore High Court, Lahore vide order dated December 02, 2024:

1. **Mr. Salah Umar Awan, Advocate, and**
2. **Barrister Kamal Ali Khan, Advocate**

Inam Ullah
Company Secretary
December 5th, 2024
Lahore

Notes:

1. The detailed explanatory statement accompanying the notice to the members is attached herewith.

2. The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from Saturday, December 21st, 2024 to Saturday December 28th, 2024 (both days inclusive).

3. The transfers received at the close of business on Friday, December 20, 2024, will be treated in time for the purpose of participation and voting at the EOGM at the following address of the share registrar:

   CDC Share Registrar Services Limited
   CDC House, 99-B, Block B, Main Shahra-e-Faisal, Karachi 74400, Pakistan
   Tel No: 0800 23275 | Email: info@cdcsrsl.com | Web Site: www.cdcrsl.com

4. Interested shareholders may inspect/procure the Copies of the Scheme, the statement u/s 281 of the Companies Act, 2017, any recent annual/quarterly accounts along with all published information or otherwise s of the above referred companies, during the business hours on any working day from the registered office of the Company, from the date of publication of this Notice till the conclusion of the Extra-Ordinary General Meeting.

5. **PARTICIPATION IN THE EXTRAORDINARY GENERAL MEETING (EOGM)**
   In the light of COVID-19 situation in the Country, the Company has made the arrangement for the safety of the members attending the meeting physically. The relevant SOPs should be followed

strictly. All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend, speak and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company **not less than 48 hours before the time of holding the meeting**. The CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e., www.lse.com.pk.

6. **ATTENDANCE OF MEETING**

A member entitled to attend, speak and vote at the EOGM is entitled to appoint a proxy to attend, speak and vote instead of him/her. Proxies in order to be effective duly signed, filled and witnessed must be deposited at the Registered Office of the Company, along with the attested copies of valid Computerized National Identity Card (CNIC) or Passport, not less than 48 hours before the meeting.

CDC Account Holders will have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the SECP for attending the meeting.

Attendance in the meeting shall be on production of original CNIC or passport.

7. **FOR ATTENDING THE MEETING**

   a. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
   b. In case of corporate entity, Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

8. **FOR APPOINTING PROXIES**

   a. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
   b. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   c. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   d. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
   e. In case of corporate entities, board of directors' resolution/ power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

9. **CONSENT FOR VIDEO CONFERENCE**

Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to registered address of the Company at least 10 days before the date of EOGM.

I/We _______________ of _______________, being member(s) of **LSE Financial Services Limited,** holder of _______________ ordinary share(s) as per Register Folio No. _______________ hereby opt for the video conference facility at ______________.

10. **E-VOTING & VOTING THROUGH POSTAL BALLOT**

The shareholders are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 (the "Regulations"), amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan (SECP), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as Special Business.

Accordingly, shareholders of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in forthcoming EOGM to be held on December 28, 2024 at 10:00AM in accordance with the requirements and subject to the condition contained in the aforesaid Regulation.

DIGITAL CUSTODIAN COMPANY LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING
FOR THE APPROVAL OF THE SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

In compliance with the order of the Honorable Lahore High Court, Lahore, passed in Civil Original No. 75382/2024, this notice, duly approved by the following joint chairmen of the meeting, is hereby given for the convening of the Extraordinary General Meeting (EOGM) of the shareholders of Digital Custodian Company Limited (DCCL/the Company) will be held on Saturday, 28th day December, 2024, at 9:30 AM at the registered office of the Company i.e. The Exchange Hub, LSE Plaza, 19-Kashmir Egerton Road, Lahore, to transact the following special business:

AGENDA ITEM No. 1: To consider and if deemed fit adopt, approve and pass, by way of special resolution, the Scheme of Compromises, Arrangement and Reconstruction as attached with this agenda item, and pass the following resolution:

"RESOLVED THAT the draft of the Scheme of Compromises, Arrangement and Reconstruction, as attached with this agenda item, by and between and for the following (in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017), be and is hereby approved, enabling the reconstitution/ reconstruction of the share capital and reserves and the transfer of the designated assets and liabilities, responsibilities and functions for the administration of the statutory funds of the following companies involved in the Scheme:

- Digital Custodian Company Limited and its Members, and
- LSE Financial Services Limited and its Members; and
- LSE Financial Services Limited (and Its Members) and Digital Custodian Company Limited (and its members)

RESOLVED FURTHER THAT the approval of the shareholders, be and is also hereby granted, to the terms and conditions as set out in the draft Scheme including the approvals and authorizations as given in Schedule-5 of the Scheme, and

RESOLVED FURTHER THAT the approval be and is hereby also accorded for the implementation of the Scheme, upon its sanction by the honorable Lahore High Court subject to any changes, modifications, additions and directions as ordered by the honorable Lahore High Court, and

RESOLVED FURTHER THAT the Chief Executive or the Company Secretary of **LSE Financial Services/Digital Custodian Company Limited**, be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned Scheme of

Arrangement to the competent authorities including but not limited to the honorable Lahore High Court, the Securities and Exchange Commission of Pakistan, the Competition Commission of Pakistan, etc., if required."

Issued after the approval of the following Joint Chairmen of the meeting, appointed by the Honorable Lahore High Court, Lahore vide order dated December 02, 2024:

1. **Mr. Salah Umar Awan, Advocate, and**
2. **Barrister Kamal Ali Khan, Advocate**

Muhammad Sajjad Hyder
Company Secretary
December 5th, 2024
Lahore

Notes:

1. The detailed explanatory statement accompanying the notice to the members is being sent along with the Notice of the Extra Ordinary General Meeting of the Company.

2. Copies of the Scheme, statement u/s 281 of the Companies Act, 2017, any recent annual/quarterly accounts along with all published information or otherwise s of the above referred companies, during the business hours on any working day from the registered office of the Company, from the date of publication of this Notice till the conclusion of the Extra-Ordinary General Meeting.

3. **CLOSURE OF SHARE TRANSFER BOOKS**

The share transfer Books of the Company shall remain closed from December 21, 2024 to December 28, 2024 (both days inclusive) for the purpose of attending Extraordinary General Meeting. Transfers received in order at the office of our Company Secretary, LSE Plaza, 19-Khayaban-e-Aiwan-Iqbal, Lahore at the close of business on December 20, 2024 will be considered in time to attend the EOGM.

4. **PARTICIPATION IN THE EXTRAORDINARY GENERAL MEETING (EOGM)**

In the light of COVID-19 situation in the Country, the Company has made the arrangement for the safety of the members attending the meeting physically. The relevant SOPs should be followed strictly. All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend, speak and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. The CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e., www.lse.com.pk.

5. **FOR ATTENDING THE MEETING**

a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.

b) In case of corporate entity, Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

6. **FOR APPOINTING PROXIES**

a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

e) In case of corporate entities, board of directors' resolution/ power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

7. **CONSENT FOR VIDEO CONFERENCE**

Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to registered address of the Company at least 10 days before the date of EOGM.

I/We _______________ of _______________, being member(s) of Digital Custodian Company Limited holder _______________ Ordinary share(s) as per Register Folio No. _______________ hereby opt for video conference facility at ______________.

CORPORATE INFORMATION

LSE FINANCIAL SERVICES LIMITED

Chairman	-	Mr. Habib Ur Rehman Gillani
Directors	-	Mr. Aftab Ahmad Chaudhry Mr. Muhammad Iqbal Mr. Amir Zia Ms. Aasiya Riaz Syed Jawad Ahmad Syed Muhammad Talib Rizvi Mr. Amjad Ali Khan Khattak Mr. Sohail Ahmed Awan Mr. Sani e Mehmood Ms. Huma Ejaz
Audit committee	-	Ms. Huma Ejaz - Chairperson Mr. Amir Zia - Member Mr. Muhammad Iqbal - Member
Registered office	-	The Exchange Hub, LSE Plaza, 19 Kashmir Egerton Road, Lahore. Tel No. +92 42 3636 8000-4 Email: info@lse.com.pk Web Site: www.lse.com.pk
External Auditors	-	Kreston Hyder Bhimji & Co. Chartered Accountants
Legal Advisors	-	Sayeed, Hafeez & Mirza Advocates
Share Registrar	-	CDC Share Registrar Services Limited CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi 74400. Pakistan Tel No. 0800 23275 (CDCPL) Email: info@cdcsrsl.com Web Site: www.cdcrsl.com
Chief Financial Offer	-	Mr. Sarmad Raheel
Company Secretary	-	Mr. Inam Ullah
Bankers	-	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Bank Al Falah Limited

DIGITAL CUSTODIAN COMPANY LIMITED

Chairman	-	Mr. Muhammad Iqbal		
Chief Executive Officer	-	Mr. Aftab Ahmad Chaudhry		
Directors	-	Ms. Maleeha Humayun Bangash Mr. Shoaib Mir Dr. Yusuf Zafar Syed Mukhtar Hussain Jaffery Mr. Farrukh Younas Khan Mr. Muhammad Khalid Farooq Qazi Mr. Muhammad Nasir Mirza Mr. Naseer Ahmad Akhtar		
Audit committee	-	Ms. Maleeha Humayun Bangash	-	Chairperson
		Mr. Muhammad Iqbal	-	Member
		Mr. Muhammad Nasir Mirza	-	Member
Registered office	-	The Exchange Hub, LSE Plaza, 19 Kashmir Egerton Road, Lahore. Tel No. +92 42 3636 8000-4 Email: info@digitalcustodian.co Web Site: www.digitalcustodian.co		
External Auditors	-	Kreston Hyder Bhimji & Co. Chartered Accountants		
Legal Advisors	-	Lexium Attorneys at Law		
Chief Financial Offer	-	Mr. Rashid Matin Khan		
Company Secretary	-	Mr. Muhammad Sajjad Hyder		

DETAILED EXPLANATORY STATEMENTS AND INFORMATION
ACCOMPANYING THE NOTICE TO THE MEMBERS
UNDER SECTIONS 281(1)(a) / 134(3) OF THE COMPANIES ACT, 2017

CORPORATE PROFILE:

LSE Financial Services Limited (LSEFSL) was originally incorporated as a company limited by guarantee with the name of Lahore Stock Exchange (Guarantee) Limited, or **LSE**, under the repealed Companies Act, 2013 (now the Companies Act, 2017) on October 5th, 1970.

The Company was re-registered as a public limited company by shares (unlisted) under the “Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012” on August 27, 2012. The Securities and Exchange Commission of Pakistan (SECP) vide its notification dated August 25, 2015, directed the 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 on January 11, 2016, and was granted the license to operate as an investment finance services company under the name of LSE Financial Services Limited.

Under the “investment finance service” license, **LSEFSL** has to operate within the ambit defined by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008) that generally includes provision of finance, loans, guarantee, financial accommodation etc. Further, the license is also valid for undertaking leasing, housing finance services and discounting services without the requirement of obtaining separate licenses for each form of business under the NBFC rules and regulations.

Deeming the NBFC functions of the company as no more feasible, the shareholders of the Company, via the special resolutions, have decided to give up the NBFC character of the company in the Annual General Meeting of the company held on November 27th, 2024. The company has also filed Form 26 evidencing the passage of the relevant special resolutions, besides the submission of Form 4 for the certification of the adopted changes in the Memorandum of Association of the Company. Furthermore, the shareholders have also resolved to change the name of the company to LSE Enterprises, subject to availability and completion of the required formalities.

Digital Custodian Company Limited (**DCCL**), formerly MCB Financial Services Limited, was incorporated on February 12th, 1992, under the Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The Company converted its status to an unlisted Public Limited Company on June 19th, 2009. The Company is not registered/licensed as an NBFC and is subject to the eligibility requirements for registration under Circular No 4 of 2022. The principal objects of the Company are to act as trustee of investment trust schemes, voluntary pension schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies. **DCCL** can also act as custodian to provide independent asset holding services.

Being a licensed/ registered Custodian/Trust company, **DCCL** is bestowed with a statutory mandate for separately holding and accounting the clients/investors' assets away from the control of the fund managers/issuers and obligated to act as an independent supervisor for the security of the assets placed under its watch by the Investment Advisors, Debt Securities Issuers and Managers of the Specialized Funds/Discretionary Portfolios & Specially Managed Accounts. **DCCL** is the only Trustee Company which is also offering Digitized Shares Registry (Corporate Share Registrar) Services. In this way, **DCCL**, acts as the pioneer in the digital management and transfers of assets via its smart-ledgers technology by providing trustee, custodial, registry, and repository functions of a variety of assets defined in the NBFC Rules.

BOARD MEETINGS AND APPROVALS

Companies		Board of Directors Meeting held on
LSE Financial Services Limited	**LSEFSL**	November 30th, 2024
Digital Custodian Company Limited	**DCCL**	November 30th, 2024

The Board of Directors of the above-named companies/entities, in their respective meetings, have approved the Scheme of Compromises, Arrangement and Reconstruction, in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) and recommended the same for subsequent approvals from the shareholders in their extraordinary general meeting.

CAPITAL STRUCTURE OF THE COMPANIES BEFORE AND AFTER THE SCHEME:

		Before the Scheme		**After the Scheme**	
		LSEFSL	**DCCL**	**LSEFSL**	**DCCL**
Shares Outstanding	Nos.	35,677,578	52,266,777	20,000,000	50,000,000
Authorized Share Capital	Nos.	111,900,000	60,000,000	42,900,000	129,000,000
Par/ Nominal Value	Rs./Share	10.00	10.00	10.00	10.00
Book Value	Rs./Share	12.72	11.48	8.19	10.23

OBJECTIVE, BENEFITS & RISK FACTORS OF THE SCHEME:

Objectives:

1. Reorganization, regrouping and repositioning of **LSEFSL** as a regular public listed company (after the approval of the surrender of the NBFC license by the shareholders of the company during its Annual General Meeting held on November 27, 2024).
2. Reconstitution and reconstruction of the share capital and reserves (capital reserves, revenue reserves and other reserves) of both the companies, i.e. **LSEFSL** and **DCCL**.
3. Transfer of the designated liabilities from **LSEFSL** to **DCCL.**
4. Distribution of the designated assets, i.e. the shares of **DCCL** and **LSE Capital Limited (LSECL)** held by **LSEFSL** to its own shareholders.
5. Distribution of shares of **LSEFSL** held by **DCCL** to the shareholders of **DCCL**.
6. Consequential listing of **DCCL** at PSX as a result of the distribution of its shares to **2,993** shareholders of **LSEFSL**, an already listed company.
7. Transfer of the responsibility and the functions of the administration of the statutory funds including the roles and responsibilities related to the secretariat functions of the funds committee (and litigations connected therewith) being performed by **LSEFSL** to **DCCL**, an associated operating company of the LSE family, which being a licensed trustee/custodian company already provides independent third party handling and oversight services of the funds of the domestic mutual and REIT funds industries.
8. Continuance of the operations of both the companies (**LSEFSL** and **DCCL**) as going concern companies after the Scheme.

Benefits

1. Shareholders of **LSEFSL** shall benefit from the distribution of the designated assets held by **LSEFSL**, i.e. the shares of **DCCL** and **LSECL**, both of which shall become freely tradable on PSX.
2. Shareholders of **DCCL** will get the shares of **LSEFSL** as per Distribution Ratio.
3. **DCCL** shareholders shall also benefit because of the company becoming a public listed company as a consequence of the Scheme.
4. **LSEFSL** shareholders will continue to benefit from the liquidity of its shares as a public listed company, with somewhat broader mandate and possibilities for the expansion of its business either on stand-alone basis or after another Scheme of Arrangement.
5. By becoming an independent listed entity, **DCCL** will have the opportunity to raise additional funds from its shareholders, if required.
6. **DCCL** shall become owned by a diversified set of shareholders which will improve its corporate governance and internal control environment.

Risk Factors and Mitigation

1. The Scheme is not yet approved by the shareholders of any of the companies. If not approved, then the companies would continue to exist and operate in their present structures and fields.
2. The Scheme is not approved/sanctioned by the Honorable Lahore High Court, Lahore. The Scheme may be approved with some modifications, changes, directions and observations which would be required to be followed by both the companies.
3. Once the Scheme is approved by the Honorable Court, the listing may not be allowed or delayed. In this event, DCCL shall continue as an unlisted company.
4. Upon any delay in the approval of the Scheme, or even after the approval of the Scheme, the share price of the shares of **LSEFSL** and/or **DCCL** (after listing on PSX) may show volatility. The direction of any price movement is beyond the control of the companies, and they would not be able to adopt any mitigation process.

OTHER MATTERS:

1. **Interest of Directors**:

   The Directors are interested in the resolutions to the extent of their common directorships and their respective shareholdings in each of the companies as mentioned in the list of shareholders and as mentioned in the Scheme.

2. **Effect on the Secured Creditors**

   There is no secured liability exist in **DCCL and/or LSEFSL**, thus there will be no adverse effect on the Secured Creditors.

3. **Possible Purchase of Share by any other Company not involved in the Scheme:**

   The Scheme envisages the possible placement/distribution/sale of shares of LSEFSL or DCCL by the persons/shareholders, not being the sponsors defined in the Scheme, before the start of trading of DCCL. The Scheme provides that in such case, the matter would not attract the applicability of Part IX of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

4. **Effect on any Funds for the Employees**

   As mentioned in the Scheme, no transfer of employees from **DCCL** to **LSEFSL** or **LSEFSL** to **DCL** is envisaged under the Scheme.

5. **Cost of the Scheme**

   LSE Financial Services Limited shall bear all the expenses related to the Scheme.

6. **Taxation Impact**

   No taxation impact under Section 97A of the Income Tax Ordinance, 2001.

7. Financial Highlights

LSE Financial Services Limited

Year ending on	>>>	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20
Non-Current Assets	Rs. 000	396,566	32,293	2,812,429	2,766,497	2,701,563
Current Assets	Rs. 000	147,848	478,862	1,056,208	640,439	547,647
Total Assets	Rs. 000	544,414	511,155	3,868,637	3,406,936	3,249,210
Non-Current Liabilities	Rs. 000	6,782	3,848	154,367	133,854	121,760
Current Liabilities	Rs. 000	83,897	406,589	222,792	151,930	146,998
Total Liabilities	Rs. 000	90,679	410,437	377,159	285,784	268,758
Shareholders' Equity	Rs. 000	453,735	100,718	3,491,478	3,121,152	2,980,452
Net Revenue	Rs. 000	39,348	54,299	148,013	130,073	137,442
Net Profit	Rs. 000	61,268	1,036	157,271	235,982	160,075
Shares Outstanding	Nos.	35,677,578	10,000,000	179,597,880	128,284,200	128,284,200
EPS	Rs./Share	1.72	0.07	1.05	1.60	1.25
Book Value	Rs./Share	12.72	10.07	19.44	24.33	23.23
Current Ratio	times	1.76	1.18	4.74	4.22	3.73
Debt-Equity Ratio	times	0.20	4.08	0.11	0.09	0.09

Digital Custodian Company Limited

Year ending on	>>>	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	31-Dec-20
Non-Current Assets	Rs. 000	606,554	471,235	460,859	8,103	3,375
Current Assets	Rs. 000	24,091	91,417	64,484	98,340	100,087
Total Assets	Rs. 000	630,646	562,652	525,343	106,442	103,461
Non-Current Liabilities	Rs. 000	11,723	11,911	341,583	-	-
Current Liabilities	Rs. 000	18,798	28,207	38,382.95	3,645	2,376
Total Liabilities	Rs. 000	30,521	40,118	379,966	3,645	2,376
Shareholders' Equity	Rs. 000	600,125	522,534	145,377	102,797	101,085
Net Revenue	Rs. 000	119,745	98,143	53,524	24,009	38,207
Net Profit	Rs. 000	75,941	5,358	(21,816)	1,712	8,131
Shares Outstanding	Nos.	52,266,777	52,266,777	11,110,000	5,000,000	2,750,012
EPS	Rs./Share	1.45	0.11	(1.97)	0.34	2.96
Book Value	Rs./Share	11.48	10.00	13.09	20.56	36.76
Current Ratio	times	1.28	3.24	1.68	26.98	42.12
Debt-Equity Ratio	times	0.05	0.08	2.61	0.04	0.02

8. **Other Disclosure**

The attached Scheme is an integral part of the detailed explanatory statements and information accompanying the notice to the members under sections 281(1)(a) / 134(3) of the Companies Act, 2017.

9. **Group Companies and Capital Structure**

1 -	LSE Capital Limited	LSECL
2 -	LSE Ventures Limited	LSEVL
3 -	LSE Financial Services Limited	LSEFSL
4 -	Digital Custodian Company Limited	DCCL

Shareholding Structure	**LSECL**	**LSEVL**	**LSEFSL**	**DCCL**
LSE Ventures Limited	22,370,904	-	9,999,998	5,221,973
Digital Custodian Company Limited	12,691,763	-	841,742	
LSE Financial Services Limited	10,000,000	-	-	18,817,917
LSE Capital Limited	-	48,171,586	-	14,897,248
Directors, their spouse and dependent children	26,988,985	23,490,889	8,969,520	10
Aslam Khaliq	7,237,163	-	4,155,790	-
Zahid Latif Securities (Private) Limited	12,720,002	-	7,276,234	-
Danish Elahi	24,697,350	-	1,637,976	
Infotech (Private) Limited	-	-	-	4,704,480
ISE Towers REIT Management Company Limited	-	-	-	4,704,480
Public/Others	64,447,178	107,935,405	2,796,318	3,920,669
	181,153,345	**179,597,880**	**35,677,578**	**52,266,777**

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

SCHEME OF ARRANGEMENT BY AND BETWEEN

1. **DIGITAL CUSTODIAN COMPANY LIMITED AND ITS MEMBERS**

AND

2. **LSE FINANCIAL SERVICES LIMITED AND ITS MEMBERS**

AND

3. **LSE FINANCIAL SERVICES LIMITED (AND ITS MEMBERS) AND DIGITAL CUSTODIAN COMPANY LIMITED (AND ITS MEMBERS)**

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 AND ALL OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017)

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PREAMBLE

COMPANIES INVOLVED IN THE SCHEME

1. LSE FINANCIAL SERVICES LIMITED

LSE Financial Services Limited (LSEFSL) was originally incorporated as a company limited by guarantee with the name of Lahore Stock Exchange (Guarantee) Limited, or **LSE**, under the repealed Companies Act, 2013 (now the Companies Act, 2017) on October 5th, 1970.

The Company was re-registered as a public limited company by shares (unlisted) under the "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012" on August 27, 2012. The Securities and Exchange Commission of Pakistan (SECP) vide its notification dated August 25, 2015, directed the 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 on January 11, 2016, and was granted the license to operate as an investment finance services company under the name of LSE Financial Services Limited.

Under the "investment finance service" license, **LSEFSL** has to operate within the ambit defined by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008) that generally includes provision of finance, loans, guarantee, financial accommodation etc. Further, the license is also valid for undertaking leasing, housing finance services and discounting services without the requirement of obtaining separate licenses for each form of business under the NBFC rules and regulations.

Deeming the NBFC functions of the company as no more feasible, the shareholders of the Company, via the special resolutions, have decided to give up the NBFC character of the company in the Annual General Meeting of the company held on Nov 27th, 2024. The company has also filed Form 26 evidencing the passage of the relevant special resolutions, besides the submission of Form 4 for the certification of the adopted changes in the Memorandum of Association of the Company. Furthermore, the shareholders have also resolved to change the name of the company to LSE Enterprises, subject to availability and completion of the required formalities.

The Corporate Unique Identification Number (CUIN) of **LSEFSL** is **03252**.

Registered office	-	The Exchange Hub, LSE Plaza, 19 Kashmir Egerton Road, Lahore.
External Auditors	-	Crowe Hussain Chaudhury & Co., Chartered Accountants
Legal Advisors	-	Sayeed, Hafeez & Mirza Advocates
Share Registrar	-	CDC Share Registrar Services Limited

Listing Status

PSX Trading Symbol	:	**LSEFSL**	
Market Price	:	Rs. 9.60 per Share	(as on November 22, 2024)
Trading Status	:	Active (main board)	

Financial position (audited) of **LSEFSL** as on June 30, 2024 is as follows:

	June 30, 2024
	Rs. in 000
ASSETS	
Non-Current Assets	
Investment in Digital Custodian Company Limited	210,890
Investment in LSE Capital Limited	161,010
Deferred Tax	9,657
Long term deposits	15,009
	396,566
Current Assets	
Short term investments/Financial assets	59,589
Advances and prepayments	22,767
Tax refunds due from Government - net	42,049
Cash and bank balances	23,443
	147,848
Total Assets	**544,414**
Authorized share capital	1,119,000
Share capital	
Issued, subscribed and paid-up share capital	356,776
Capital reserves	
Share premium	31,355
Revenue reserves	
Un-appropriated profits	65,604
Total equity	**453,735**
Non-Current Liabilities	
Other liabilities/ Long term financing	1,924
Deferred tax liability	4,858
	6,782
Current Liabilities	
Trade and other payables	69,885
Deposit payable related to discontinued operations	11,992
Current portion of long term financing	2,020

	83,897
Equity and Liabilities	**544,414**

2. DIGITAL CUSTODIAN COMPANY LIMITED

Digital Custodian Company Limited (**DCCL**), formerly MCB Financial Services Limited, was incorporated on February 12th, 1992, under the Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The Company converted its status to an unlisted Public Limited Company on June 19th, 2009.

The Company is not registered/licensed as an NBFC and is subject to the eligibility requirements for registration under Circular No 4 of 2022. The principal objects of the Company are to act as trustee of investment trust schemes, voluntary pension schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies. **DCCL** can also act as custodian to provide independent asset holding services.

Being a licensed/ registered Custodian/Trust company, **DCCL** is bestowed with a statutory mandate for separately holding and accounting the clients/investors' assets away from the control of the fund managers/issuers and obligated to act as an independent supervisor for the security of the assets placed under its watch by the Investment Advisors, Debt Securities Issuers and Managers of the Specialized Funds/Discretionary Portfolios & Specially Managed Accounts. **DCCL** is the only Trustee Company which is also offering Digitized Shares Registry (Corporate Share Registrar) Services. In this way, **DCCL**, acts as the pioneer in the digital management and transfers of assets via its smart-ledgers technology by providing trustee, custodial, registry, and repository functions of a variety of assets defined in the NBFC Rules.

The Corporate Unique Identification Number (CUIN) of **DCCL** is **0026410**.

Registered office	-	The Exchange Hub, LSE Plaza, 19-Kashmir Egerton Road, Lahore.
External Auditors	-	Kreston Hyderbhimji & Co., Chartered Accountants
Legal Advisors	-	Ali Zaheer
Listing Status	-	Unlisted Public Limited Company

Currently, **DCCL** has the following licenses/Registrations/Approvals:

Sr. no.	Type of Licenses/Registrations/Approvals	From
1 -	Certificate of registration to act a trustee under Regulation 40(C)(1) of Non-Banking Finance Companies and Notified Entities Regulations, 2008	Securities and Exchange Commission of Pakistan

2 -	License as a debt securities trustee under Regulation 5(1) of the Public Offering (Regulated Securities Activities Licensing) Regulation, 2017	Securities and Exchange Commission of Pakistan
3 -	License as share registrar and balloter under Regulation 5 of the Share Registrar and Balloters Regulation, 2017 and Section 68 of the Securities Act, 2015	Securities and Exchange Commission of Pakistan
4 -	Certificate of registration as an intermediary (for filing of documents through intermediaries under Section 455 of the Companies Act, 2017	Securities and Exchange Commission of Pakistan
5 -	Direct Participant of Pakistan Real Time Interbank Settlement Mechanism (PRISM)	State Bank of Pakistan

Financial position (audited) of **DCCL** as on June 30, 2024 is as follows:

Digital Custodian Company Limited

Statement of Financial Position

	June 30, 2024 **Rs. in 000**
ASSETS	
Non-Current Assets	
Property and equipment	11,089
Intangible assets	376,630
Investment in LSE Capital Limited	206,038
Investment in LSE Financial Services Limited	10,613
Long term deposits	2,184
	606,554
Current Assets	
Trade and other receivables	12,957
Short term investments/Financial assets	271
Advances and prepayments	3,064
Tax refunds due from Government - net	6,462
Cash and bank balances	1,338
	24,091
Total Assets	**630,646**
Authorized share capital	600,000
Share capital	
Issued, subscribed and paid-up share capital	522,668
Revenue reserves	

Un-appropriated profits	77,457
Total equity	**600,125**
Non-Current Liabilities	
Lease liabilities	1,786
Deferred tax liability	9,938
	11,723
Current Liabilities	
Trade and other payables	14,628
Current portion of lease liabilities	4,170
	18,798
Equity and Liabilities	**630,646**

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3. OBJECTIVES AND BENEFITS OF THE SCHEME

1. Objectives of the Scheme

a. Reorganization, regrouping and repositioning of **LSEFSL** as a regular public listed company (after the approval of the surrender of the NBFC license by the shareholders of the company during its Annual General Meeting held on November 27, 2024).

b. Reconstitution and reconstruction of the share capital and reserves (capital reserves, revenue reserves and other reserves) of both the companies, i.e. **LSEFSL** and **DCCL**.

c. Transfer of the designated liabilities from **LSEFSL** to **DCCL.**

d. Distribution of the Designated Assets, i.e. the shares of **DCCL** and **LSE Capital Limited (LSECL)** held by **LSEFSL** to its own shareholders.

e. Distribution of shares of **LSEFSL** held by **DCCL** to the shareholders of **DCCL**.

f. Consequential listing of **DCCL** at PSX as a result of the distribution of its shares to **2,993** shareholders of **LSEFSL**, an already listed company.

g. Transfer of the responsibility and the functions of the administration of the statutory funds including the roles and responsibilities related to the secretariat functions of the funds committee (and litigations connected therewith) being performed by **LSEFSL** to **DCCL**, an associated operating company of the LSE family, which being a licensed trustee/custodian company already provides independent third party handling and oversight services of the funds of the domestic mutual and REIT funds industries.

h. Continuance of the operations of both the companies (**LSEFSL** and **DCCL**) as going concern companies after the Scheme enabling them to continue serving as useful economic and employment agents in society.

2. **Benefits of the Scheme**
    a. Shareholders of **LSEFSL** shall benefit from the distribution of the designated assets held by **LSEFSL**, i.e. the shares of **DCCL** and **LSECL**, both of which shall become freely tradable on PSX.
    b. Shareholders of **DCCL** will get the shares of **LSEFSL** as per Distribution Ratio.
    c. **DCCL** shareholders shall also benefit because of the company becoming a public listed company as a consequence of the Scheme.
    d. **LSEFSL** shareholders will continue to benefit from the liquidity of its shares as a public listed company, with somewhat broader mandate and possibilities for the expansion of its business either on stand-alone basis or after another Scheme of Arrangement.
    e. By becoming an independent listed entity, **DCCL** will have the opportunity to raise additional funds from its shareholders, if required.
    f. **DCCL** shall become owned by a diversified set of shareholders which will improve its corporate governance and internal control environment.

3. **Brief Financial Analysis of the Companies/ Entities before and after the Scheme**

		Before the Scheme		**After the Scheme**	
		LSEFSL	**DCCL**	**LSEFSL**	**DCCL**
Shares Outstanding	Nos.	35,677,578	52,266,777	20,000,000	50,000,000
Authorized Share Capital	Nos.	111,900,000	60,000,000	42,900,000	129,000,000
Par/ Nominal Value	Rs./Share	10.00	10.00	10.00	10.00
Book Value	Rs./Share	12.72	11.48	8.19	10.23

ARTICLE – 1 – DEFINITIONS & INTERPRETATIONS

1. In this Scheme of Arrangement (including the preamble hereto), unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

(a) "**Act**" means the Companies Act, 2017.

(b) **"CDC"** means Central Depository Company of Pakistan Limited.

(c) "**Commission**" means the Securities and Exchange Commission of Pakistan including its regional offices.

(d) "**Completion**" or "**Completion Date**" means the date falling within the **120** days period from the Sanction Date, during which all necessary actions and steps that shall be completed under the Scheme and to comply with the orders of the honorable Lahore High Court thereby enabling the entities involved in this Scheme to effectuate and implement the Scheme and when the liabilities, of the Transferor(s) shall stand transferred (as per Article-2) to the Transferee, and when the shares & the securities of the companies involved in this Scheme are transferred/distributed/swapped as per Article-3.

(e) "**Court**" means the Lahore High Court, Lahore or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 of the Companies Act, 2017 in connection with this Scheme.

(f) "**DCCL"** means the **DIGITAL CUSTODIAN COMPANY LIMITED**, a public limited company formed under the Companies Ordinance, 1984 (now the Companies act, 2017).

(g) **"Designated Assets"** mean the shares of **DCCL** and **LSECL** held by **LSEFSL** and the shares of **LSEFL** held by **DCCL**, as mentioned in this Scheme.

(h) **"Designated Liabilities - LSEFSL"** means the designated liabilities of the **LSE FINANCIAL SERVICES LIMITED**, as more particularly described in Schedule - 1 hereto.

(i) "**Distribution Ratio**" means the ratio at which distribution of investments of **LSEFSL** in the shares of **DCCL** and **LSECL** shall be made to the shareholders of **LSEFSL**. This also includes the distribution of investment in the shares of **LSEFSL** held by **DCCL** to the shareholders of **DCCL**.

(j) **"Effective Date"** means 00:00 hours as on **June 30th, 2024,** or such other date as may be approved by the Court on the request of the parties to this Scheme.

(k) **"LSECL"** means **LSE CAPITAL LIMITED**, a public limited company formed under the Companies Act, 2017.

(l) **"LSE Enterprises"** means the proposed or the legally changed name of **LSEFSL**, which whenever changed after the submission of the instant Scheme, shall not materially change the purposes and the effect of the instant Scheme as and when sanctioned by the Honorable Lahore High Court (LHC).

(m) "**LSEFSL"** means the **LSE FINANCIAL SERVICES LIMITED**, a public limited company formed under the Companies Act, 2017, which name may be changed to "LSEL" or LSE Enterprises as already approved by the shareholders of the company.

(n) **"NBFC"** means a **Non-Banking Finance Company**, regulated by the Commission under the relevant Rules/Regulations framed under Section 282 of the Companies Ordinance, 1984, whose provisions were declared to survive in Section 509 of the Companies Act, 2017.

(o) **"PSX"** means Pakistan Stock Exchange Limited.

(p) "**Rs.**" or **"PKR"** shall mean "Rupees", being the legal tender money of Pakistan.

(q) "**Sanction Date**" shall have the same meaning ascribed thereto in **Article - 5**, being the day on which the honorable Lahore High Court approves the Scheme and on which day the Scheme becomes operative.

(r) **"Scheme"** means this Scheme of Arrangement in its present form, with any modification thereof or addition hereto, as approved by the Court and/or the Securities and Exchange Commission of Pakistan and/or the general meeting of members of the respective companies.

(s) **"SECP or the Commission"** means the Securities and Exchange Commission of Pakistan.

(t) **"Securities Act"** means the Securities Act, 2015.

(u) **"Sponsor(s)"** means the major shareholder of **LSEFSL**, i.e**. LSE Ventures Limited (LSEVL)**, and the major shareholder of **DCCL**, i.e. **LSE Capital Limited (LSECL)**. All other shareholders of **LSEFSL** and **DCCL**, irrespective of holding any shareholding threshold in these companies shall not be included in the list of sponsors of the respective companies.

2. The sections, headings and marginal notes used in this Scheme are solely for the convenience of reference and shall not affect the meaning, interpretation and construction of this Scheme or any of its provisions.

ARTICLE – 2 – THE SCHEME OF ARRANGEMENT AND RECONSTRUCTION

1. This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 283 of the Act, for the transfer and the vesting of the:

   (a) Distribution of designated assets, i.e the shares held **LSEFSL** (Designated Assets) to the shareholders of **LSEFSL** which inter-alia includes:
      i. investment in the ordinary shares of **DCCL**.
      ii. investment in ordinary shares of **LSECL**.

   (b) Transfer of Designated Liabilities- **LSEFSL** (as a transferor) into **DCCL** (as transferee) as given in Schedule – 1.

   (c) Distribution of shares of **LSEFSL** (Designated Assets) held by **DCCL** to the shareholders of **DCCL**.

   (d) Consequential listing of **DCCL** at PSX under the Scheme, due to the issuance of **DCCL** shares to 2993 public shareholders of **LSEFSL**, already being a PSX listed company, subject only to the submission of the required disclosure/listing documentation to PSX, and without involving any fund-raising.

2. The share capital of **DCCL** and **LSEFSL** shall be reconstituted as described in **Article – 3** and presented in **Schedule-3** of the Scheme.

3. The designated liabilities (as per **Schedule 1**) of **LSEFSL** will be transferred to **DCCL** with the same rights, obligations, privileges and covenants.

4. The retained earnings, revenue reserves, capital reserves and merger reserves of **DCCL** and **LSEFSL** shall be re-characterized/ reconstructed under the Scheme as described in **Schedule-3** - Statement of Financial Position showing the Scheme Effect.

5. As the shares of **LSEFSL** are already eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares of **DCCL** shall also be eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC").

6. The Designated Liabilities - **LSEFSL** shall be transferred and vested in **DCCL,** and the transfer / vesting shall be subject to the existing rights (equitable and legal rights), charges mortgages and hypothecation, if any.

7. Certain functions and responsibilities, as described in the objectives of the Scheme, having similar responsibilities as the independent trustee/custodian function of **DCCL,** will be transferred from **LSEFSL** to **DCCL.**

8. **Conduct of Business by the Companies till the Completion Date**

(a) **LSEFSL/DCCL** shall carry on and be deemed to carry on all their business and activities, if any, and shall stand possessed of their properties and assets, if any, for and on account of and in trust for and all the profits accruing to them or losses arising or incurred by them, if any, shall for all purposes be treated as the profits or losses, if any, of **LSEFSL/DCCL**. For the purpose of clarity, it is hereby provided that LSEFSL shall not be deemed as an NBFC with effect from the date of passage of the special resolutions by its shareholders to surrender the NBFC license and submission of the relevant Form 26 in the office of the Company Registration Office, SECP, Lahore.

(b) **LSEFSL/DCCL** undertake that they will carry on their business with reasonable diligence and business prudence, until the Sanction Date and it shall not alienate, charge, mortgage, hypothecate, encumber the designated assets except, in the ordinary course of business, or without the prior written consent of the Board of Directors of **LSEFSL/DCCL**.

9. **Determination of the Undertaking and Business:**

(a) A balance sheet:

(1) has been prepared by **LSEFSL** (appended herewith as Schedule 5) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **LSEFSL**, as reflected in the books of account of **LSEFSL** immediately preceding the Effective Date and report of the agreed upon procedures from the Auditors has been taken on the books of accounts. Since **LSEFSL** is listed Company, its accounts are publicly available and have already been disseminated to the shareholders through Pakistan Stock Exchange (PSX) Limited.

(2) shall be prepared by **LSEFSL** of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **LSEFSL**, as reflected in the books of account of **LSEFSL** as of the Sanction Date and which shall be audited by the Auditors of **LSEFSL**, within sixty (60) days of the Sanction Date.

(3) has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include the notes setting out the methodology and assumptions used in identifying the Undertaking and Business of **LSEFSL**.

(b) A balance sheet:

1) has been prepared by **DCCL** (appended herewith as Schedule 5) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **DCCL**, as reflected in the books of account of **DCCL** immediately preceding the Effective Date and which has been audited by the Auditors of **DCCL**.

2) shall be prepared by **DCCL** of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **DCCL**, as reflected in the books of account of **DCCL** as of the Sanction Date and which shall be audited by the Auditors of **DCCL**, within sixty (60) days of the Sanction Date.

3) has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out the methodology and assumptions used in identifying the Undertaking and Business of **DCCL**.

10. The Statement of Financial Position shall be prepared by the Board of Directors, and shall be certified by the practicing Chartered Accountant, duly showing the Scheme Effect based on the special purpose audited financial statements as on the Sanction Date. This statement will duly show the specific assets, liabilities and the reserves liable to be transferred/ distributed as on the Sanction Date.

ARTICLE – 3 – SHARES AND EQUITY CAPITAL MANAGEMENT

1. **EQUITY POSITION OF THE COMPANIES INVOLVED IN THE SCHEME**

(a) **LSE FINANCIAL SERVICES LIMITED (PROPOSED NAME: LSE ENTERPRISES LIMITED)**

1) The authorized share capital of the Company is **Rs. 1,119,000,000** divided into **111,900,000** of ordinary shares of Rs. 10/- each, out of which **35,677,578** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
35,677,578	**Issued under Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017**	**356,775,780**
35,677,578		**356,775,780**

2) The Complete list of shareholders is attached as **Schedule – 2** (List of Shareholders).

3) The total number of shareholders of **LSEFSL** as of the Effective Date is **2,993**.

4) The Share Capital of the **LSEFSL** will not be changed for the ordinary shares of the company under the Scheme.

5) The pattern of shareholding of **LSEFSL** may be changed in the duration of the time of filing of this Scheme in the honorable Lahore High Court but before the assumption/vesting of the listing status at PSX and the first trading date of **DCCL**. In this duration, the credit of **DCCL** shares by CDC in the CDS accounts of the shareholders (of **LSEFSL**), shall also take place. Therefore, any consequential change in the shareholding of **LSEFSL** and **DCCL** shall not attract Part IX of the Securities Act, 2015 or any other regulatory provisions.

6) The Board of Directors of the Company (**LSEFSL**) before the Scheme is as follows, however, the number and the composition of the Board may become changed in the forthcoming election of directors of the Company falling due in February 2025:

Sr. No.	Name of Director	Category
1.	Mr. Muhammad Iqbal	Non-Executive Director/ Chairman
2.	Mr. Aftab Ahmad Chaudhry	Non-Executive Director
3.	Mr. Habib Ur Rehman Gillani	Non-Executive Director
4.	Mr. Amir Zia	Non-Executive Director
5.	Ms. Aasiya Riaz	Non-Executive Director

6.	Syed Jawad Ahmad	Non-Executive Director
7.	Syed Muhammad Talib Rizvi	Non-Executive Director
8.	Mr. Amjad Ali Khan Khattak	Independent Director
9.	Mr. Sohail Ahmed Awan	Independent Director
10.	Mr. Sani e Mehmood	Independent Director
11.	Ms. Huma Ejaz	Independent Director

(b) **DIGITAL CUSTODIAN COMPANY LIMITED**

1) The authorized share capital of the Company is **Rs. 600,000,000** divided into **60,000,000** of ordinary shares of Rs. 10/- each, out of which **52,266,777** ordinary shares are fully paid and issued.

2) The total number of shareholders of **DCCL**, as of the Effective Date is **17**. The Complete list of shareholders is attached as **Schedule – 2** (List of Shareholders).

3) The Share Capital of **DCCL** will not be changed for the ordinary Shares under the Scheme. However, the pattern of shareholding may be changed before the assumption/vesting of the listing status at PSX and the first trading date of **DCCL**.

4) The Board of Directors of the Company (**DCCL**) before the Scheme is as follows, which will continue to exist until the date of the next elections due on or before Mar 24, 2025, in terms of Section 159 of the Companies Act, 2017, except any interim changes due to the need to fill any casual vacancies:

Sr. No.	Name of Director	Category
1.	Mr. Muhammad Iqbal	Chairman / Non-Executive Director
2.	Mr. Aftab Ahmad Chaudhry	Chief Executive Officer / Non-Director
3.	Ms. Maleeha Humayun Bangash	Independent Director
4.	Mr. Shoaib Mir	Independent Director
5.	Dr. Yusuf Zafar	Independent Director
6.	Syed Mukhtar Hussain Jaffery	Non-Executive Director
7.	Mr. Farrukh Younas Khan	Non-Executive Director
8.	Mr. Muhammad Khalid Farooq Qazi	Non-Executive Director
9.	Mr. Muhammad Nasir Mirza	Non-Executive Director
10.	Mr. Naseer Ahmad Akhtar	Non-Executive Director

2. **EQUITY CAPITAL MANAGEMENT**

(a) **Distribution Ratio**

		LSEFSL	DCCL
Shares Outstanding before the Scheme	Nos.	35,677,578	52,266,777

Investment in DCCL by LSEFSL	Nos.	18,817,917
Shares Outstanding excluding **DCCL** as a shareholder	Nos.	34,835,836
Distribution Ratio	per share	0.5402
Distribution Ratio of shares of **DCCL** per 1,000 shares of **LSEFSL**	per 1,000 shares	540.20
Investment in LSECL by LSEFSL	Nos.	10,000,000
Shares Outstanding before the Scheme	Nos.	35,677,578
Distribution Ratio	per share	0.2803
Distribution Ratio of shares of LSECL per 1,000 shares of **LSEFSL**	per 1,000 shares	280.30

Investment in LSEFSL by DCCL	Nos.	841,742
Shares Outstanding excluding **LSEFSL** as a shareholder	Nos.	33,448,860
Distribution Ratio	per share	0.0252
Distribution Ratio of shares of **LSEFSL** per 1,000 shares of **DCCL**	per 1,000 shares	25.20

(b) **Reconciliation of Shares and Reserves**

	LSEFSL	**DCCL**	**LSEFSL**	**DCCL**
	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000
	Share Capital		**Reserves**	
Balance before impact of the Scheme	356,776	522,668	96,959	77,457
Balance after impact of the Scheme	200,000	500,000	(36,288)	11,433
	(156,776)	(22,668)	(133,247)	(66,024)

	LSEFSL	**DCCL**
Total Difference	(290,023)	(88,691)
Accounted for As follows:		

Distribution of shares (as an investment) held by each Company	(371,900)	(6,814)
Transfer of Liabilities	81,877	(81,877)
	(290,023)	(88,691)

	LSEFSL	DCCL
	Nos.	Nos.
Share Capital before the Scheme	35,677,578	52,266,777
Share Capital after the Scheme	20,000,000	50,000,000
Effective Capital Reduction in %	**43.94%**	**4.34%**

(c) **Authorized Capital**

1) The authorized capital of **LSEFSL** and **DCCL** shall be reconstituted as under.

Name of the Company	Authorized Capital before the Scheme	Authorized Capital after the sanctioning of the Scheme
Digital Custodian Company Limited (**DCCL**)	Rs. 600,000,000 divided into 60,000,000 ordinary shares of Rs. 10/- each	Rs. 1,290,000,000 divided into 129,000,000 ordinary shares of Rs. 10/- each
LSE Financial Services Limited (**LSEFSL**)	Rs. 1,190,000,000 divided into 119,000,000 ordinary shares of Rs. 10/- each	Rs. 500,000,000 divided into 50,000,000 ordinary shares of Rs. 10/- each
Total in Rs.	**Rs. 1,790,000,000**	**Rs. 1,790,000,000**

2) No additional fee shall be payable to the Commission for combining the authorized capital of both the companies. Since the relevant fees on the cumulative capital of **Rs. 1,790,000,000** already stand paid by the respective companies, therefore, the redistribution of this capital with the companies being restructured under the Scheme only requires changes in the relevant parts of the Memorandum and Articles of Association, which shall stand changed upon the approval of the Scheme by the Court.

3. **DISTRIBUTION AND CONSIDERATION**

Upon the Scheme being effective in terms of the orders of the honorable Lahore High Court:

(a) The shares (investment in each companies i.e. Designated Assets) shall be distributed as per the Distribution Ratio.

(b) The Designated Liabilities – **LSEFSL** shall be transferred from **LSEFSL** to **DCCL**.

(c) Distribution Mechanism

1) The Board of Directors of **LSEFSL** shall determine the book closure dates (and entitlement date) to distribute the shares **DCCL** and LSECL held by **LSEFSL** as per the Distribution Ratio to the shareholders of **LSEFSL**.

2) The Board of Directors of **DCCL** shall determine the book closure dates (and entitlement date) to distribute the shares **LSEFSL** held by **DCCL** as per the Distribution Ratio to the shareholders of **DCCL**.

3) The distributable shares shall stand credited into the CDS accounts of the shareholders by CDC upon the instructions of the respective companies as per the entitlement dates. The physical shares shall be dispatched within a period of one month.

4) Cross holding between two companies shall be ignored while distribution.

5) Fractional shares/ entitlements shall be ignored.

6) Designated Liabilities – **LSEFSL** will be transferred to **DCCL** by **LSEFSL** against the following functions of **LSEFSL** to be transferred to **DCCL**.
   a) Transfer of the responsibility for the management of the statutory funds (under the oversight of the Funds Committee).
   b) Transfer of the liabilities amounting Rs. 81.877million (or as amount determined by the Board of Directors of **LSEFSL** on the Sanction Date).

7) Once the distribution of shares to the shareholders of **LSEFSL and DCCL** is completed, the shares of **DCCL** shall become listed at PSX upon the filing/submission/uploading of the requisite documentation to PSX.

ARTICLE – 4 – RIGHTS AND OBLIGATIONS ACCRUING UNDER THE SCHEME

1. The assets acquired by the shareholders of **DCCL** and **LSEFSL** respectively shall be treated as having the same character as the same had in the hands of **LSEFSL** and **DCCL**, as the case may be.

2. No transfer of employees from **LSEFSL** to **DCCL** or **DCCL** to **LSEFSL** is envisaged under the Scheme.

3. The capital reserves, revenue reserves, revaluation surpluses and accumulated profits and losses of **DCCL** and **LSEFSL** shall be restructured/reconstituted as per this Scheme and as provided in Schedule - 3.

4. The merger reserves or goodwill arising from the Scheme shall be recognized in the books of **DCCL** or **LSEFSL**, as the case may be. The merger reserves, if any, shall be treated as capital reserves for all purposes.

5. The distribution of shares and the scheme effect are shown in **Schedule – 3**. The same methodology shall be followed after the Sanction Date.

6. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against **LSEFSL/DCCL**, as the case may be, and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against **LSEFSL/DCCL**, and may be continued, prosecuted and enforced by or against **LSEFSL/DCCL** accordingly.

7. As part of the Scheme, any shareholder(s) of **LSEFSL,** whether major or otherwise and other than the Sponsor, may dispose of their shareholding on or after the Sanction date but before the start of trading of the shares of DCCL on PSX, on the terms and conditions as deemed fit. In case of such disposal and consequential acquisition thereof by the parties, other than the sponsor, shall not attract applicability of Part IX of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

8. After the Sanction Date, and as a consequence of **the distribution of DCCL shares to 2,993 public shareholders of LSEFSL under the Scheme,** the shares of **DCCL** shall stand listed at PSX under the orders of the Court (under the symbol of "**DCCL**", if available), without any further, act, deed, formality etc.. However, it will be subject only to the filing of such documentation and disclosure requirements as are customarily required by PSX in such matters and upon payment of the initial and annual listing fee, and within such timeframe during which the reconstruction of the equity capital of the companies involved in the Scheme is completed and the process of allotment of DCCL shares to the members of **LSEFSL** is concluded by CDC, as required in this Scheme.

9. The opening price of the shares of **DCCL** on the main Board of PSX on the first listing date, shall be the par/face value of its ordinary shares. For the purposes of calculating capital gain tax by NCCPL, the cost of acquisition of this security, (on subsequent disposal under Section 37A of the Income Tax Ordinance, 2001 and under relevant rules of the Income Tax Rules, 2002), shall also be the par/face value.

10. The listing date of DCCL shares shall be reckoned from the listing date of the ordinary shares of **LSEFSL** for the purpose of the Listed Companies (Buy-Back of Shares) Regulations, 2019, and for any other relevant purposes.

ARTICLE – 5 – BINDING PROVISIONS

SANCTION AND EFFECTIVENESS OF SCHEME

1. Sanctions and Provisions of the Scheme:
   (a) This Scheme has been formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act, for an order under Section 282 (along with Section 283) of the Act to bring the Scheme into effect.

   (b) Under the Companies Act, 2017, the matters of scheme/rearrangement and reconstruction of the assets and liabilities and the equity capital are the prerogatives of the shareholders of the companies involved in the Scheme. The Act doesn't envisage any prior approval of the Commission or PSX with respect to the Schemes of Arrangements. Similarly, as on the date of approval of this Scheme by the Boards of Directors of the respective companies, and the filing of the Scheme, no compliance with the NBFC rules/regulations is deemed applicable because (as already described in the Preamble), LSEFSL shareholders have unanimously resolved to surrender the NBFC license with effect from Nov 27^{th}, 2024, deeming the NBFC business as no more feasible (for which the requisite Form 26 detailing the special resolutions having been passed by the shareholders stands submitted to SECP). Likewise, DCCL is also not registered/licensed as an NBFC. Moreover, the NBFC framework exists due to the enabling provision under Section 509 of the Act, which provided continuity to Part VIIIA of Sections 282A to 282N of the Companies Ordinance, 1984. Hence, any rules/regulations made under the provisions of the repealed Ordinance cannot take precedence over the fundamental provisions of the Act granting powers to the shareholders to decide about the matters of their mergers/arrangements/restructurings.

   (c) This Scheme is subject to the sanction of the honorable High Court and may be sanctioned in its present form or with or without any modification thereof or addition thereto as the honorable Court may deem appropriate. Upon being approved, this Scheme shall become effective, with such modification or addition and subject to any conditions which the Court may impose.

   (d) The provisions of this Scheme shall become binding and operative on the date (the **"Sanction Date"**) upon the receipt of the certified copy of the order of the Court, sanctioning this Scheme under Section 279 of the Act, and by making any necessary provisions under Section 282 of the Act.

   (e) Upon the Scheme being sanctioned, all governmental authorities, bodies, departments and concerned institutions/companies, such as SECP, CCP, FBR, PSX, CDC, NCCPL etc., wherever required, shall transfer/vest the assets/rights of the respective companies and the designated assets and liabilities, as the case may be, without any cost, taxes, and without any further act or deed or processing or the need of any application from **LSEFSL/DCCL**.

(f) Upon the Scheme becoming binding and operative on the Sanction Date, the transfer and distribution of the Designated Assets of **LSEFSL**, and transfer to and vesting in **DCCL**, of certain functions and Undertaking and Business of LSEFSL shall be deemed to have taken place on the **"Effective Date"** and shall be treated accordingly, as per the provisions of this Scheme.

(g) Following the Sanction Date and except as expressly otherwise stated herein, the profit and loss items appearing in the books of accounts of the companies and the related effect shall be shown in the Statement of Changes in Equity and no corresponding changes shall need to be made in the Statement of Profit and Loss for the interim period between the Effective Date and the Sanction Date.

(h) The transfer of the Designated Assets and investments of **LSEFSL and DCCL** in the shares, debentures, Sukuk and related instruments, if any, shall be done without any stamp duty on the transfer from the respective companies, notwithstanding anything contained in the Stamp Act, 1899 (II of 1899) or any other law for the time being in force.

(i) Any assets which are capable of transfer by manual / physical delivery or by endorsement and delivery, shall also be transferred under the Scheme.

2. As of the **Sanction Date**, the terms of this Scheme shall become binding on each of **LSEFSL** and **DCCL** and all their respective shareholders, members, employees, debtors and creditors and any person having any right or liability in relation to them.

3. All the costs, charges and expenses incurred/to be incurred in relation to or in connection with the Scheme of Arrangement and for carrying out the implementation of the Scheme or incidental to the completion of the Scheme in pursuance of the Scheme, shall be borne and paid by **LSEFSL**.

4. There can be difference in the tax year(s) between the Effective Date and the Sanction Date. The tax returns for the entities involved shall not be changed/revised for their Effective Dates (i.e. **DCCL** and **LSEFSL**).

5. No gain or loss shall be taken to arise on disposal of assets from the transferor to the transferee by virtue of the Scheme and only the net of tax balances shall be transferred under Section 97A of the Income Tax Ordinance, 2001. No double taxation impact (in the form of withholding taxes or/and collecting taxes or/and assessment basis) shall be made/ levied on the income, profits and revenues of the companies/ entities involved by virtue of this Scheme.

6. Except specifically provided hereunder, this Scheme shall only become null and void, in which event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme:

(a) if the Scheme is not approved by the requisite majority of the shareholders and the members of any of **LSEFSL** and **DCCL**.

(b) if the sanction of the Court in respect of this Scheme is not obtained by such date (if any) as may be mutually agreed by the respective Board of Directors of **LSEFSL** and **DCCL**.

GENERAL PROVISIONS

7. This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.

8. The transfer, vesting and amalgamation of the Undertaking and Businesses in terms of this Scheme shall not: (i) constitute any assignment, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any contract; and (iv) give rise to any right of first refusal or pre-emptive right.

9. The distribution ratios (as mentioned in this Scheme and having been duly approved by way of the special resolutions of the respective shareholders) will not be changed unless directed (and accepted by the Company) by the honorable Lahore High Court. Any difference, if any, will be adjusted either in the goodwill or merger reserves, as the case may be. No further approval for any change having been ordered by the honorable Court, shall be required from the shareholders of any of the companies.

10. Each of **LSEFSL** and **DCCL** shall take all actions and execute all formalities considered and deemed necessary and expedient by their respective Boards of Directors to properly and smoothly cause the transfer and vesting of the respective Undertakings and Businesses in the manner stated herein and shall carry out and execute this Scheme pursuant to and in accordance with the order of the Court.

SCHEDULE – 1 - Designated Liabilities of LSE Financial Services Limited **to be transferred into** Digital Custodian Company Limited

	June 30, 2024 Rs. in 000
Trade and other payables	69,885
Deposit payable related to the discontinued operations	11,992

Note: Actual value of Designated Liabilities of **LSEFSL** to be transferred to **DCCL** shall be determined by the Board of Directors of **LSEFSL** as on Sanction Date.

SCHEDULE – 2 - List of the *shareholders of:

- **LSE Financial Services Limited**
- **Digital Custodian Company Limited**

The list of shareholders will be added on the Effective Date.

*under an earlier Scheme sanctioned by the honorable Lahore High Court, 36% equity shares of DCCL stood transferred to LSEFSL, although the perfunctory regulatory processing is still ongoing, having no effect on this Scheme.

SCHEDULE – 3- The Statement of Financial Position showing the Scheme Effect

	LSEFSL June 30, 2024 Rs. in 000	DCCL June 30, 2024 Rs. in 000	LSEFSL Merger Adjustments Rs. in 000	DCCL Merger Adjustments Rs. in 000	LSEFSL Rs. in 000	DCCL Listed Rs. in 000
ASSETS						
Non-Current Assets						
Property and equipment	-	11,089	-	-	-	11,089
Intangible assets	-	376,630	-	-	-	376,630
Investment in Digital Custodian Company Limited	210,890	-	(210,890)	-	-	-
Investment in LSE Capital Limited	161,010	206,038	(161,010)	3,799	-	209,837
Investment in LSE Financial Services Limited		10,613	-	(10,613)	-	-
Deferred Tax	9,657	-	-	-	9,657	-
Long term deposits	15,009	2,184	-	-	15,009	2,184
	396,566	**606,554**			**24,666**	**599,740**
Current Assets						
Trade and other receivables	-	12,957	-	-	-	12,957
Short term investments/Financial assets	59,589	271	-	-	59,589	271
Advances and prepayments	22,767	3,064	-	-	22,767	3,064
Tax refunds due from Government - net	42,049	6,462	-	-	42,049	6,462
Cash and bank balances	23,443	1,338	-	-	23,443	1,338
	147,848	**24,091**			**147,848**	**24,091**
						-
Total Assets	**544,414**	**630,646**	**(371,900)**	**(6,814)**	**172,514**	**623,831**
Authorized share capital	1,119,000	600,000	(690,000)	690,000	429,000	1,290,000
Share capital						
Issued, subscribed and paid-up share capital	356,776	522,668	(156,776)	(22,668)	200,000	500,000
Capital reserves						
Merger resrerves	-	-	(40,000)	-	(40,000)	-
Share premium	31,355		(31,355)	-	-	-
	31,355	**-**			**(40,000)**	**-**
Revenue reserves						-
Un-appropriated profits	65,604	77,457	(61,892)	(66,024)	3,712	11,433
Total equity	**453,735**	**600,125**			**163,712**	**511,433**
Non-Current Liabilities						
Lease liabilities	-	1,786	-	-	-	1,786
Other liabilities/ Long term financing	1,924	-	-	-	1,924	-
Deferred tax liability	4,858	9,938	-	-	4,858	9,938
	6,782	**11,723**			**6,782**	**11,723**
Current Liabilities						-
Trade and other payables	69,885	14,628	(69,885)	69,885	-	84,513
Current portion of lease liabilities	-	4,170	-	-	-	4,170
Deposit payable related to discontinued operations	11,992	-	(11,992)	11,992	-	11,992
Current portion of long term financing	2,020	-	-	-	2,020	-
Unclaimed dividend	-	-	-	-	-	-
	83,897	**18,798**			**2,020**	**100,675**
						-
Equity and Liabilities	**544,414**	**630,646**	**(371,900)**	**(6,814)**	**172,514**	**623,831**
	-	-	-	-	-	-

SCHEDULE – 4 - The Statement of Financial Position

- **LSE Financial Services Limited**
- **Digital Custodian Company Limited**

As attached

SCHEDULE – 5 Approvals and Authorizations

1. The respective Boards of Directors of **LSEFSL** and **DCCL** have approved the foregoing Scheme for the submission to the honorable Lahore High Court (LHC), and have prayed to the Court to order the convening of the Extraordinary General Meetings (EOGMs) of the relevant companies under its own appointed Chairmen of the meetings for seeking the approval of the Scheme by way of special resolution(s) before sanctioning the Scheme in its absolute discretion.

2. The respective Boards of Directors of **DCCL** and **LSEFSL**, have also sought the approvals and authorizations (as mentioned in this Schedule – 5) from their shareholders to give consent to, either singly or jointly, to any modifications or additions or alterations to be made to this Scheme or to any conditions, which the Court may think fit to impose and may give any directions, as the honorable Court may consider necessary to settle any question(s) or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.

3. Without prejudice to the generality of the foregoing, the respective Boards of Directors of **LSEFSL** and **DCCL**, may, generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme, upon its due approval by the Court, authorize any person(s) or officials to carry out such acts, deeds and things as may be deemed expedient and necessary, for a proper and smooth implementation of the Scheme from time to time.

4. The Board of Directors of **DCCL** and **LSEFSL** have also given their assent to any modification or amendment to the Scheme or to agree to any terms and/or conditions, which the Court and / or any other Authority, Body or Commission under the law, may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the Scheme and to do all acts, deed and things as may be necessary or desirable or expedient for putting the Scheme into effect.

5. The Board of Directors of **DCCL** have also been authorized to rectify any accounting, calculation, rounding or typographical errors and any other errors in the Scheme, if any, and the presence of any such errors will not affect the spirit, efficacy and implementation of the Scheme.

6. In case of any ambiguity or conflict in the actual transfer of assets, liabilities and reserves, the Board of Directors of **DCCL** shall have the authority to decide and resolve the issue before and after the **Sanction Date**.

7. For the purposes of giving effect to the Scheme or any modification or amendment thereof, the directors of **DCCL** are hereby authorized by **LSEFSL** to give such directions and / or to take all such steps and actions as may be necessary or desirable including any direction for settling any question or doubt or difficulty, whatsoever that may arise from time to time.

8. Upon the orders of the Court for the convening of the EOGMs of **DCCL** and **LSEFSL** under the Court appointed Chairmen of the meetings, the shareholders shall be required to accord specific approval of the Scheme (as covered in this Schedule – 5) by way of special resolution pursuant to the provisions of Section 279 to 283 of the Companies Act, 2017 and other applicable provisions, together with the approvals for the grant of specific authorization to the Boards of Directors, the Chief Executive Officers or the Company Secretaries of the relevant corporate entities to do and carry out the following tasks:

    a. To file necessary joint/separate application(s), petition(s) before the Honorable Lahore High Court, for seeking its directions as to convening, holding and conducting of any meeting(s) of the shareholders and creditors (if any) or dispensation thereof, as the case may be, including for the appointment of Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court may deem fit and proper and for seeking the approval of the proposed distribution of designated assets and the proposed Scheme of Arrangement.

    b. To undertake and implement all relevant steps/actions required to be completed, to implement the Scheme.

    c. To submit the certified true copies of the resolutions passed by the shareholders of the respective companies to the Honorable Lahore High Court, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.

    d. To specifically authorize the Chief Executive Officers or the Company Secretaries of the companies involved in the Scheme to singly (1) sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned Scheme of Arrangement, (2) engage any counsel(s)/advocate(s)/consultant(s) to file the application(s) and petition(s) before the Honorable Lahore High Court, and to do other needful tasks, (3) appear [in person or through representative(s)] before the Honorable Lahore High Court; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited and/or before any other authority or person in connection with the aforesaid Scheme of Arrangement, and (4) do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose.

    e. To make any requisite changes/amendments in the Memorandum and Articles of Association of **LSEFSL/DCCL,** as the case may be. No further approval from the shareholders will be required in this respect. The Memorandum and Articles of Association of **DCCL** shall not be changed except to the extent of the authorized capital of the company as per the Scheme.

f. To undertake all necessary steps, actions on behalf of **DCCL and/or LSEFSL**, which are deemed necessary to implement the Scheme, once approved by the honorable Lahore High Court including but not limited to the:

1) distribution of shares under the scheme.
2) transfer of designated liabilities from **LSEFSL**.
3) listing of **DCCL** at Pakistan Stock Exchange.
4) to do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required to implement the Scheme.

g. To initiate all necessary steps, actions on behalf of **LSEFSL/DCCL** that are necessary to implement the Scheme, once approved by the honorable Lahore High Court including but not limited to the:

1) distribution of shares under the scheme.
2) transfer of designated liabilities to **DCCL**.
3) to do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required to implement the Scheme.

9. Furthermore, the shareholders of **LSEFSL** and **DCCL** shall also be asked to authorize the respective Board of Directors of **LSEFSL/DCCL** to amend the distribution ratio for the issuance of shares under the Scheme, if advised or directed by the honorable Lahore High Court.

LSE FINANCIAL SERVICES LIMITED

Pattern of Share Holding

As on June 30, 2024

	NO. OF SHARES				No of	No of
	FROM	TO	CDC	Physical	Shareholders	Shares held
1	1	100	425	1851	2276	44,700
2	101	500	240	167	407	96,395
3	501	1000	90	27	117	84,754
4	1001	5000	101	10	111	251,017
5	5001	10000	34	1	35	275,428
6	10001	15000	9	0	9	109,331
7	15001	20000	6	0	6	103,045
8	20001	25000	5	0	5	114,891
9	25001	30000	2	0	2	53,282
10	30001	35000	1	1	2	63,173
11	45001	50000	1	0	1	45,521
12	50001	55000	1	1	2	102,878
13	55001	60000	2	0	2	118,756
14	65001	70000	3	0	3	199,901
15	110001	115000	1	0	1	112,000
16	115001	120000	0	1	1	117,028
17	165001	170000	1	0	1	165,631
18	185001	190000	1	0	1	187,205
19	225001	230000	1	0	1	227,605
20	260001	265000	1	0	1	260,120
21	265001	270000	1	0	1	269,179
22	435001	440000	1	0	1	437,496
23	840001	845000	1	0	1	841,742
24	945001	950000	1	0	1	948,999
25	1590001	1595000	1	0	1	1,593,235
26	4155001	4160000	1	0	1	4,155,790
27	7275001	7280000	1	0	1	7,276,234
28	7420001	7425000	1	0	1	7,422,244
29	9995001	10000000	1	0	1	9,999,998
			934	**2059**	**2993**	**35,677,578**

LSE Financial Services Limited				
Categories of Share Holders				
As on June 30, 2024				
Sr.No.	**Categories of shareholders**	**No of Share holders**	**Share held**	**Percentage**
1	Directors, Chief Executive Officer, and their spouse and minor children.	7	8,969,520	25.14%
2	Executive Employees	0	-	0.00%
3	Associated Companies, undertakings and related parties.	2	10,841,740	30.39%
4	NIT and ICP	3	920	0.00%
5	Banks Development Financial Institutions, Non-Banking Financial Institutions.	3	9,764	0.03%
6	Insurance Companies	2	1,042	0.00%
7	Joint Stock Companies	11	7,447,039	20.87%
8	Modarabas and Mutual Funds	1	33	0.00%
9	Others	6	35,092	0.10%
10	General Public	2958	8,372,428	23.47%
	Grand Total:	**2993**	**35,677,578**	**100%**
Sr. No.	**Shareholders holding 10% Shares or more**		**Share held**	**Percentage**
1	LSE Ventures Limited		9,999,998	28.03%
2	Aftab Ahmad		7,422,244	20.80%
3	Zahid Latif Khan Securities (Pvt) Ltd.		7,276,234	20.39%
4	Aslam Khaliq		4,155,790	11.65%

DIGITAL CUSTODIAN COMPANY

LSE FINANCE

DIGITAL CUSTODAIN COMPANY LIMITED

List of Shareholders

Sr. No.	Name of Shareholder	Shareholding	%age
1	LSE Ventures Limited	5,221,973	9.99%
2	LSE Financial Services Limited	18,817,917	36.00%
3	Infotech (Private) Limited	4,704,480	9.00%
4	LSE Capital Limited	14,897,248	28.50%
5	Asad Nawaz	2,614,000	5.00%
6	Sidduque-ur-Rehaman	1,306,669	2.50%
7	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	4,704,480	9.00%
8	Public/Others	10	0.00%
		52,266,777	

LSE Financial Services Limited

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LSE FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit matters

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

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Following is the key audit matter:

Key Audit Matter	How the Matter was Addressed in our Report
Scheme of Arrangement and Reconstruction of the Companies	
Refer to note 5 of the financial statements. A scheme of arrangement and reconstruction was formulated pursuant to the provisions of Section 279 to 285 of the Companies Act, 2017. This scheme affected LSE Capital Limited [formerly Bank Islami Modaraba Investments Limited], Modaraba Al-Mali, LSE Proptech Limited and the Company. Pursuant to the Scheme, the Company was listed on Pakistan Stock Exchange and it obtained certain investments in Digital Custodian Company Limited [DCCL] and LSE Capital Limited. The aforementioned scheme was approved by the Honorable Lahore High Court, Lahore under court order no. 78278/2023 dated April 03, 2024. We identified this transaction as the key audit matter due to its materiality and the importance of the matter to intended users' understanding of the financial statements as a whole.	We performed the following procedures: • Obtained and reviewed the court order and related documentation of scheme of arrangement. • Discussed with the management as to how the scheme of arrangement has been complied with and books of accounts streamlined to affect the resultant transaction / balances. • Reviewed the schedule of transfer of designated assets and assessed whether the transferred designated assets have been incorporated appropriately in the Company. • Checked the underlying accounting records and relevant entries to ensure accuracy and compliance with the scheme. • Assessed the adequacy of the disclosures in the financial statements and appropriateness of management's assumptions and estimates.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Crowe Hussain Ch & Co.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: November 04, 2024
UDIN: AR202410051rgcRZyxba

LSE FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

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

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

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

LSE FINANCIAL SERVICES LIMITED

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

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

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

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

LSE FINANCIAL SERVICES LIMITED

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

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

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

LSE FINANCIAL SERVICES LIMITED

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

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

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

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

LSE FINANCIAL SERVICES LIMITED

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

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

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

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

LSE FINANCIAL SERVICES LIMITED

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

Note 1
Legal Status and its Nature of Business

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

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

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

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

Note 2
Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017; and

- Provisions of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

2.2 Changes in accounting standards, interpretations and pronouncements

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

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

Note 2, Basis of Preparation - Continued...

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

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

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

	Had there been no change in acounting policy	**Impact of change in accounting policy**	**After incorporating effects of change in accounting**
	--------------------Rupees in thousands		----------------------
Effect on statement of profit or loss			
For the year ended June 30, 2024			
Tax on dividends on investments and minimum tax	-	3,120	3,120
Profit before taxation	78,888	(3,120)	75,768
Taxation	(17,621)	3,120	(14,501)
	61,267	-	61,267
Profit after taxation	61,267	-	61,267
For the year ended June 30, 2023			
Tax on dividends on investments and minimum tax	-	18,964	18,964
Profit before taxation	34,044	(18,964)	15,080
Taxation	(33,008)	18,964	(14,044)
	1,036	-	1,036
Profit after taxation	1,036	-	1,036

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

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Note 2, Basis of Preparation - Continued...

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

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

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

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

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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

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

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

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Note 2, Basis of Preparation - Continued...

2.5 Use of estimates and judgments

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

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

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

Note 3
Material Accounting Policy Information

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

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

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

3.1 Investments accounted for using the equity method

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

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

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

3.2 Taxation

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

Current

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

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

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

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

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

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

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

Deferred

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

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

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

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

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

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

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

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

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

3.3 Sundry and other receivables

Measurement

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

Impairment

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

3.4 Financial instruments

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

3.4.1 Financial assets

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

a) Classification

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

b) Initial recognition and measurement

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

c) Subsequent measurement

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

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

d) Derecognition

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

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

e) Impairment of financial assets

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

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

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

3.4.2 Financial liabilities

a) Initial recognition and measurement

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

b) Subsequent measurement

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

Off-setting of financial assets and financial liabilities

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

3.5 Impairment of non-financial assets

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

3.6 Fair value measurement

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

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

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

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

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

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

3.7 Long term deposits

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

3.8 Cash and cash equivalents

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

3.9 Payables and other liabilities

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

3.10 Related party transactions

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

3.11 Revenue recognition

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

Funds management fee

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

Return on MTS investments and fixed income securities

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

Dividend income

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

Other income

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

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

3.12 Return on Bank Deposits

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

3.13 Operating Segments

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

3.14 Earnings per share (EPS)

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

3.15 Interest free loans to employees

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

Note 4
Summary of Other Accounting Policies

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

4.1 Contingent liabilities

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

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

4.2 Provisions

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

4.3 Dividend distributions

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

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Note 5
Scheme of Arrangement and Reconstruction

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

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

Silent Features of the Scheme:

a. The Company shall be listed on PSX by virtue of merger of MODAM's listing status (as a transferor) with and into the Company (as a transferee).

b. Shares of Digital Custodian Company Limited shall be transferred (partially) to the Company by LSECAP.

c. The Company will get shares of LSECAP (as an additional share capital).

d. The Company will issue shares otherwise than in cash to the shareholders of LSECAP and certificate holders' of MODAM as consideration for partial transfer of assets.

e. The authorized share capital of the Company will increase from Rs. 520,000,000 to Rs. 1,119,000,000.

f. The proposed merger and listing status will provide broad shareholders' base which will be conducive in fund raising, if required, from capital market.

g. The Company shall continue to operate under the ambit of NBFC Rules and Regulations, and will continue to hold the license of investment finance services (IFS). Moreover, the Company shall continue to comply within the restrictions and requisite requirements placed by Integration Order 1/2016 by the Commission under Stock Exchange (Corporatization, Demutualization and integration) Act, 2012.

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

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

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

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

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

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

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

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

Note 6
Operating Fixed Assets

6.1 Operating Fixed Assets

Particulars	Cost				Accumulated Depreciation					Written Down Value as at June 30, 2024
	As at July 01, 2023	Additions	(Disposals)	Balance as at June 30, 2024	Rate	As at July 01, 2023	Charge for the period	(Disposal)	Balance as at June 30, 2024	
	Rupees in thousands				%	Rupees in thousands				
Owned assets										
Computer and accessories	-	332	(332)	-	30%	-	50	(50)	-	-

6.2 These assets have been transferred to LSE Capital Limited at Rs. 332,000 and the balance was adjusted accordingly.

Particulars	Cost / Revalued Amounts				Accumulated Depreciation					Written Down Value as at June 30, 2023
	As at July 1, 2022	Additions / (Disposals)	Transfer to LPL	Balance as at June 30, 2023	Rate	As at July 1, 2022	Charge for the year	Transfer to LPL	Balance as at June 30, 2023	
	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	-	(317)	-	-
Leasehold improvements	5,697	-	(5,697)	-	20%	5,697	-	(5,697)	-	-
	1,460,843	2,903	(1,463,746)	-		188,106	2,092	(190,198)	-	-

6.3 During the year ending June 30, 2023, entire assets of the company were transferred to LSE Proptech Limited as per the restructuring scheme approved by the Honorable High Court, Lahore dated April 26, 2023.

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Note 7
Investments in Associates

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

7.1 LSE Capital Limited

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

Digital Custodian Company Limited

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

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

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

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

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

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

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

Note 8
Deferred Tax (Asset) / Liability - Net

	Note	2024	2023
		Rupees in thousands	
Deferred tax liability / (asset)	8.1	4,858	(7,284)

8.1 Breakup of deferred tax liability

	2024	2023
Taxable temporary differences		
Investment in associates	12,565	-
Deductible temporary differences		
Business losses	(7,284)	(7,284)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001	(424)	-
	4,858	(7,284)

8.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% & 15% (2023: 29% & 15%).

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

	2024	2023
Opening balance	(7,284)	148,497
Transferred as per demerger scheme	-	(148,497)
Deferred tax effect charged to profit or loss	11,503	(7,284)
Deferred tax effect charged to other comprehensive income	639	
Closing balance	4,858	(7,284)

8.4 Analysis of deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2024	2023	2024	2023
	Rupees in thousands			
Investment in associates	12,565	-	11,927	-
Business losses	(7,284)	(7,284)	-	(7,284)
Minimum tax u/s 113 of the Income Tax Ordinance, 2001	(424)	-	(424)	-
	4,858	(7,284)	11,503	(7,284)

Note 9
Loan to Director

	Note	2024	2023
		Rupees in thousands	
Loan to director	9.1	23,812	-
Less: current portion of loan		(14,155)	-
		9,657	-

9.1 Movement in loan to Director

	2024	2023
Opening balance	-	-
Disbursements	35,616	-
Less: Discounting of loan to employee	(5,624)	-
	29,992	-
Unwinding of discount	1,528	
Receipts	(7,709)	-
Closing balance	23,812	-

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

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

Note 10
Long Term Deposits

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

Note 11
Financial Assets

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

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

Note 12
Receivables, Advances and Prepayments

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

12.1 Due from related parties

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

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

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

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Note 13
Tax Refunds Due from the Government - Net

	Note	2024	2023
		Rupees in thousands	
Income tax	13.1	42,049	44,319

13.1 Movement in income tax

	2024	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	41,371	75,866
Less: Prior year adjustments	(2,998)	-
Less: Provision of income tax for the period	(3,120)	(38,343)
	35,253	37,523
	42,049	44,319

Note 14
Bank Balances

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

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

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

14.3 It includes deposit of Rs. 3.94 million under lien by Bank Al-Habib Limited against a loan facility of SBP financing scheme for renewable energy (Note 17).

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Note 15
Share Capital

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

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

2024	2023		2024	2023
35,677,578	10,000,000	Ordinary shares of Rs. 10 each issued otherwise than in cash	356,776	100,000

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

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

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

15.3 Shares held by related parties are as follows:

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

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

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

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

Note 16
Share Premium

	2024	2023
	Rupees in thousands	
Share premium	31,355	-

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

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

Note 17
Long Term Financing

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

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

Note 18
Payables and Other Liabilities

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

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

18.2 Breakup of loan for Margin Trading System - related parties

	2024	2023
Principal amount		
- LSE Ventures Limited	-	316,526
- LSE Capital Limited	17,645	-
	17,645	316,526
Return accrued thereon		
- LSE Ventures Limited	-	20,551
	17,645	337,077

18.2.1 This represents loan received from LSE Ventures Limited and LSE Capital Limited for investment in Margin Trading System (MTS) of NCCPL. Investment on Margin Trading System of NCCPL is an undisclosed market of finances and 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 Capital Limited. Markup earned is paid net of 1% to 2% service charges and MTS charges.

18.3 Punjab Workers Welfare Fund

	2024	2023
Opening balance	2,345	12,299
Provision during the year	-	2,345
Transferred to LSE Ventures Limited	-	(12,299)
Closing balance	2,345	2,345

Note 19
Deposits Payable Related to Discontinued Operations

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

Note 20
Contingencies and Commitments

20.1 Contingencies

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

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

20.2 Commitments

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

Note 21
Revenue

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

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

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

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

Note 22
Administrative and General Expenses

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

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

22.2 Auditors' remuneration

	2024	2023
Audit services		
Annual audit fee	367	333
Half yearly review fee	-	111
Other assurance services	525	677
Code of corporate governance	74	-
	966	1,121

Note 23
Other Operating Expenses

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

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Note 24
Other Income

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

Note 25
Finance Cost

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

Note 26
Taxation

	Note	2024	2023
		Rupees in thousands	
Levies	26.1	3,120	18,964

26.1 Breakup of levies

	2024	2023
Minimum tax	3,120	-
Final tax	-	18,964
	3,120	18,964

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

26.2 Taxation

	2024	2023
Current	-	14,953
Super tax	-	4,426
Deferred tax	11,503	(7,284)
	11,503	12,095
Prior year	2,998	1,949
	14,501	14,044

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

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

Note 26, Taxation - Continued...

26.5 Reconciliation of levy and income tax under IAS-12

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

Note 27
Earnings per Share - Basic and Diluted

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

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

Note 28
Cash Generated from Operations

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

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Note 29
Financial Risk Management

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

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

29.1 Market risk

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

Currency risk

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

Interest rate risk

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

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

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

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Note 29, Financial Risk Management - Contd...

Cash flow sensitivity analysis for variable rate instruments

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

Price risk

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

29.2 Credit risk

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

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

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

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

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

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

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

Note 29, Financial Risk Management - Contd...

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

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

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

29.3 Liquidity risk

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

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
	Rupees in thousands					
Contractual maturities of financial liabilities as at June 30, 2024:						
Long term financing	3,944	4,141	2,121	2,020	-	-
Trade and other payables	66,167	66,167	66,167	-	-	-
Deposits payable related to discontinued operations	11,992	11,992	11,992			
	70,111	70,309	68,288	2,020	-	-
Contractual maturities of financial liabilities as at June 30, 2023:						
Long term financing	5,772	6,692	2,145	2,069	2,478	-
Trade and other payables	341,755	341,755	341,755	-	-	-
Deposits payable related to discontinued operations	14,073	14,073	14,073			
	347,527	348,446	343,900	2,069	2,478	-

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

29.4 Financial instruments by categories

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees in thousands			
Financial assets as at June 30, 2024				
Receivables	-	32,424	-	32,424
Long term deposits	-	15,009	-	15,009
Financial assets	-	59,589	-	59,589
Bank balances	-	23,443	-	23,443
	-	145,474	-	145,474

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Note 29, Financial Risk Management - Contd...

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
Financial assets as at June 30, 2023				
Receivables	-	18,045	-	18,045
Long term deposits	-	25,009	-	25,009
Financial assets	-	363,648	-	363,648
Bank balances	-	51,844	-	51,844
	-	483,555	-	458,546

	2024	2023
Financial liabilities at amortized cost	Rupees in thousands	
Long term financing	3,944	5,772
Trade and other payables	66,167	341,755
Deposits payable related to discontinued operations	11,992	14,073
	70,111	347,527

29.5 Fair value of financial instruments

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

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

Note 30
Capital Risk Management

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

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

b) to provide an adequate return to shareholders.

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

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

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

Note 31
Transactions and Balances with Related Parties

The related parties of the Company are as follows:

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

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

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

Balances outstanding as at June 30,

	2024	2023
Trade and other receivables		
LSE Ventures Limited	-	1,529
LSE Capital Limited	185	4,228
LSE Capital Limited (Formerly Modaraba Al Mali)	-	940
Trade and other payables		
Loan for investment in MTS		
- LSE Capital Limited	17,645	-
- LSE Ventures Limited	-	316,526
Return on investment MTS		
- LSE Ventures Limited	-	20,551

Note 32
Segment Reporting

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

32.2 The entity revenue has been generated in Pakistan.

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

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

Note 33
Remuneration of Chief Executive Officer, Directors and Executives

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

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

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

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

Note 34
No. of Employees

	2024	**2023**
Total number of employees as at the year end	3	3
Average number of employees during the year	3	4

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Note 35
Provident Fund Trust - Related Party

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

Note 36
Authorization For Issue

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

Note 37
Subsequent Event

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

Note 38
General

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

Nature	**From**	**To**	**2023**
			Rupees in thousands
Statement of financial statements	Prepayments	Recievables, advances and prepayments (Note 12)	1,006

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

DIGITAL CUSTODIAN COMPANY LIMITED

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2024

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Amin Building,
65 - The Mall, Lahore.
Phone: 042-37352661-37321043
Email: krestonhb@gmail.com

INDEPENDENT AUDITORS' REPORT

To the members of Digital Custodian Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Digital Custodian Company Limited** ("the Company"), which comprises statement of financial position as at June 30, 2024, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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, the statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2024 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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

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

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

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

Report on Other Legal and Regulatory Requirements:

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Usman Shah, ACA.

Kreston Hyder Bhimji

LAHORE: November 05, 2024
UDIN: AR202410269iljEOtpkQ

KRESTON HYDER BHIMJI& CO.
CHARTERED ACCOUNTANTS

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024	2023
		------------Rupees-----------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	11,088,930	21,689,925
Intangible assets	6	376,629,750	362,032,157
Long term deposits	7	2,184,366	2,184,366
Investment in associates	8	216,651,319	85,328,551
		606,554,365	471,234,999
CURRENT ASSETS			
Trade receivables	9	12,956,652	16,469,132
Short term investments	10	270,766	226,454
Advances, deposits, prepayments and other receivables	11	3,064,279	57,929,701
Tax refunds due from the Government	12	6,462,142	14,726,976
Cash and bank balances	13	1,337,508	2,064,869
		24,091,347	91,417,132
TOTAL ASSETS		630,645,711	562,652,131
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up share capital			
Authorized share capital			
60,000,000 Ordinary shares of Rs. 10 each	14	600,000,000	600,000,000
Issued, subscribed and paid up share capital	14	522,667,768	522,667,768
Revenue reserves			
Unappropriated profit / (accumulated loss)		77,457,015	(133,951)
Shareholders' equity		600,124,783	522,533,817
NON CURRENT LIABILITIES			
Lease liability	15	1,785,700	5,959,493
Deferred taxation	16	9,937,543	5,951,421
		11,723,243	11,910,914
CURRENT LIABILITIES			
Current portion of lease liability	15	4,170,119	3,819,107
Accrued and other liabilities	17	14,627,566	24,388,293
		18,797,685	28,207,400
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		630,645,711	562,652,131

The annexed notes from 1 to 37 form an integral of these financial statements.

Chief Executive Officer | **Director**

DIGITAL CUSTODIAN COMPANY LIMITED

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

	Note	2024	Restated 2023
		-------------Rupees-----------	
Operating income	19	119,744,831	98,143,332
Operating and administrative expenses	20	(98,648,274)	(88,831,123)
Operating profit		21,096,557	9,312,209
Unrealized gain on re-measurement of investments classified at fair value through profit or loss	10	2,987	300,472
Income from associates	21	32,684,891	(366,924)
Other income	22	46,775,877	9,206,582
Finance cost	23	(2,419,764)	(1,163,595)
Profit before levy and taxation		98,140,548	17,288,744
Levy	24	(18,051,624)	(7,037,192)
Profit before taxation		80,088,924	10,251,552
Provision for taxation	25	(4,147,933)	(4,893,750)
Profit after taxation		75,940,991	5,357,802
Earnings per share - basic and diluted	26	1.45	0.11

The annexed notes from 1 to 37 form an integral of these financial statements.

Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

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

	Note	2024 Rupees	2023 Rupees
		----Rupees----	
Profit after taxation		75,940,991	5,357,802
Items that will not be reclassified to statement of profit or loss			
Post tax share of other comprehensive income from associates	27	7,035,807	1,858,531
Deferred tax liability attributable to share of income from associates	16	(1,055,371)	(278,780)
Other comprehensive income		5,980,436	1,579,751
Total comprehensive income for the year		81,921,427	6,937,553

The annexed notes from 1 to 37 form an integral of these financial statements.

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Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

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

	Share Capital	Premium on share issued	Revenue Reserves - Unappropriated profit	TOTAL
	--------------------	--------------------	Rupees --------------------	--------------------
Balance as at June 30, 2022	111,100,000	48,900,000	(7,071,504)	152,928,496
Total comprehensive income for the year				
Profit for the year	-	-	5,357,802	5,357,802
Other comprehensive income	-	-	1,579,751	1,579,751
	-	-	6,937,553	6,937,553
Transactions with the owners				
Share capital issued during the year	60,444,620	-	-	60,444,620
Premium on issuance of shares	-	302,223,148	-	302,223,148
Bonus shares issued during the year	351,123,148	(351,123,148)	-	-
Balance as at June 30, 2023	522,667,768	-	(133,951)	522,533,817
Total comprehensive income for the year				
Profit for the year	-	-	75,940,991	75,940,991
Other comprehensive income	-	-	5,980,436	5,980,436
	-	-	81,921,427	81,921,427
Realized gain recycled to statement of profit or loss on disposal of associate (Note-22)	-	-	(4,330,461)	(4,330,461)
Balance as at June 30, 2024	**522,667,768**	**-**	**77,457,015**	**600,124,783**

The annexed notes from 1 to 37 form an integral of these financial statements.

Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

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

	Note	2024	2023
		------------Rupees-----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levy and taxation		98,140,548	17,288,744
Adjustments for non cash charges and items			
Depreciation of operating fixed assets	20	6,576,345	6,582,842
(Gain) / loss on disposal of operating fixed assets	20 and 22	(10,000)	576,384
Amortization of intangible assets	20	18,314	13,814
Balance receivable written off	20	-	1,976,662
Bad debts written off		2,832,570	-
Impairment of trade receivables under expected credit loss		1,578,318	-
Dividend income	22	(48,616)	(31,375)
Share of (profit) / loss from associates	21	(8,338,389)	366,924
Gain on bargain purchase		(24,346,502)	-
Realized gain on disposal of Modaraba certificates		(41,602,068)	
Realized gain recycled to profit or loss on disposal of associate		(4,330,461)	-
Fair value gain on investments through profit or loss	10	(2,987)	(300,472)
Finance cost	23	2,419,764	1,163,595
Profit on musharaka finance	22	-	(6,811,644)
Profit on saving bank accounts	22	(784,732)	(2,363,563)
Operating profit before working capital changes		32,102,104	18,461,911
(Increase) / decrease in current assets			
Trade receivables		(898,409)	(10,508,045)
Advances, deposits, prepayments and other receivables		10,365,423	(58,208,960)
		9,467,014	(68,717,005)
Increase / (decrease) in current liabilities			
Accrued and other liabilities		(9,760,727)	20,073,570
Effect on cash flows due to working capital changes		(293,713)	(48,643,435)
Cash generated from / (used in) operating activities		31,808,389	(30,181,524)
Finance cost paid		(2,419,764)	(1,163,595)
Income tax and levy paid	12	(11,003,972)	(21,121,249)
		(13,423,736)	(22,284,844)
Net cash generated from / (used in) operating activities		18,384,653	(52,466,368)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	5.1	(1,475,350)	(1,096,669)
Disbursement of advance against vehicles	5	-	(5,500,000)
Proceeds from disposal of operating fixed assets	5.3	10,000	1,635,000
Development cost of intangible assets incurred	6.3	(14,615,907)	-
Short term investments made during the year	10	(41,325)	(45,081,515)
Dividend income received	22	48,616	31,375
Proceeds on redemption of investments	10	-	47,000,000
Profit on musharaka finance	22	-	6,811,644
Profit on saving bank accounts received	22	784,733	2,363,563
Increase in long term deposits		-	(103,966)
Net cash (used in) / generated from investing activities		(15,289,233)	6,059,432
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease	15	(3,822,781)	(3,205,218)
Net cash used in financing activities		(3,822,781)	(3,205,218)
Net decrease in cash and cash equivalents		(727,361)	(49,612,154)
Cash and cash equivalents at beginning of the year	13	2,064,869	51,677,023
Cash and cash equivalents at end of the year	13	1,337,508	2,064,869

The annexed notes from 1 to 37 form an integral of these financial statements.

Chief Executive Officer

Director

1 THE COMPANY AND ITS OPERATIONS

Digital Custodian Company Limited ("the Company") was incorporated on February 12, 1992 under the repealed Companies Ordinance, 1984 as a private limited company. The Company converted its status from Private Limited Company to Unlisted Public Limited Company on June 19, 2009. Until 2020, the Company existed as the wholly owned entity of MCB Bank. In 2020-21, the Company was acquired by the new sponsors led by ISE REIT Management Company Limited. Subsequently, through a series of capital reorganization, the Company's majority shareholding has been concentrated in the three companies of LSE Enterprises, created out of the former Lahore Stock Exchange (LSE).

The principal objects of the Company are 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 fund etc. The company had changed its registered office address from the Province of Sindh to the Province of Punjab. At present, the registered office of the company is located at B1, LSE Plaza, Kashmir Egerton Road, Lahore, Punjab.

During the year, the Board of Directors of the Company in their meeting held on December 22, 2023 had decided a proposed plan for the merger of LSE Ventures Limited, an associated company, with/into the company on the basis of acceptable swap ratio under the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger (in terms of provisions of Sections 279 To 283 and all other enabling provisions of The Companies Act, 2017) as approved by the BOD of both the companies for its approval by the respective members of both the companies in their upcoming EOGM. However, agreement could not be reached between the parties to the merger on the determination of acceptable swap ratio and consequently the scheme of merger is disposed off without further proceedings until the terminal date.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) 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.

These financial statements provide comparative information in respect of the previous year. In addition when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in these financial statements has been made. During the year, a restatement / reclassification has been made in these financial statements for the change in accounting policy as disclosed in Note 3.1.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following items, without taking into account the effects of

Short term investments	Note - 10	(stated at fair value)
Investment in associates	Note - 8	(stated at equity method
Trade receivables	Note - 9	(stated at carrying amount less impairment for expected credit loss)
Other financial assets	Note - 4.3	(stated at amortized cost less impairment for expected credit loss)
Certain liabilities and payables	Note - 17	(stated at amortized cost)
Deferred tax liability	Note - 16	(stated as per IAS-12, "Income taxes")
Provisions	Note - 4.11	(stated as per best estimate)
Right of use asset	Note - 5	(stated at present value)
Lease liability	Note - 15	(stated at present value)

In these financial statements, accrual basis of accounting has been used except for the statement of cash flows.

2.3 Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates (i.e. the environment in which it primarily generates and expends cash). In these financial statements, all the financial information is presented in Pakistani Rupee which is the company's functional currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgments, make estimates and assumptions in the process of applying the company's accounting policies that affect the reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are continually evaluated and are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where judgments made in applying accounting policies and various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Useful lives, residual values and patterns of economic benefits - Property & equipment and intangible assets	5.1 & 6
- Recoverable amount of non-financial assets and impairment	4.4
- Impairment of financial assets	4.3
- Allowance for expected credit losses	4.5
- Taxation	4.8
- Staff retirement benefits	4.9
- Valuation of investments measured at FVPL	10
- Contingent liabilities	4.10
- Provisions	4.11

2.4.1 Useful lives and residual values of Property & equipment and intangible assets

The depreciation method, useful lives and residual values of property & equipment and intangible assets are reviewed by the management, at each financial year-end and these estimates are adjusted or revised if appropriate. The effect of any adjustment to useful lives and methods of these estimates are recognized prospectively or revised as a change in accounting estimate. In making these estimates, the Company uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of property & equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment, if any.

2.4.2 Recoverable amount of non financial assets and impairment

The management of the Company reviews carrying amounts of its non financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

2.4.3 Impairment of financial assets

Impairment of financial assets is assessed by reviewing their market prices and the indicators used to determine the recoverable amounts of the financial assets. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

2.4.4 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates and forward looking information for macro economic factors i.e. interest rates, inflation rates, unemployment rates, GDP rates etc.

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2.4.5 Taxation

In making the estimates for current and deferred income taxes, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. These estimates also include impacts of the decisions of appellate authorities about the benefits that become recoupable upon any change in tax structure of the Company.

2.4.6 Staff retirement benefits

The company considers the salary scale of each employee eligible under the provident fund scheme and its employment status on monthly basis to ensure the adequacy of expense and related liability on account of provident fund.

2.4.7 Valuation of investments measured at FVPL

The Company has recorded its investments measured at FVPL by using quotations from Pakistan Stock Exchange. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

2.4.8 Contingent liabilities

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company.

2.4.9 Provision

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

3.1 Amendments to accounting and reporting standards and interpretation / guidance which became effective during the year ended June 30, 2024

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

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

ICAP

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in
	-----------------------------------	Rupees	-----------------------------------
Effect on statement of profit or loss			
For the year ended June 30, 2024			
Tax on dividends, capital gains and minimum tax on services	-	18,051,624	18,051,624
Profit before tax	98,140,548	(18,051,624)	80,088,924
Taxation	(22,199,557)	18,051,624	(4,147,933)
Profit after tax	**75,940,991**	-	**75,940,991**
For the year ended June 30, 2023			
Tax on dividends, capital gains and minimum tax on services	-	7,037,192	7,037,192
Profit before tax	17,288,744	(7,037,192)	10,251,552
Taxation	(11,930,943)	7,037,192	(4,893,750)
Profit after tax	**5,357,802**	-	**5,357,802**

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

3.2 New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after July 1, 2024. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

3.3 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024;

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts
- IFRIC 12 – Service Concession Arrangements

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Property and equipment

Recognition and measurement

Property and equipment are stated at cost less accumulated depreciation and recognized accumulated impairment loss, if any. Cost comprises purchase price, non refundable duties and taxes after deducting trade discounts and rebates, and includes borrowing cost pertaining to erection / construction period of qualifying assets and other expenditure that is directly attributable to the acquisition of the underlying asset and is ancillary in bringing the asset to working condition as intended by the management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other day to day maintenance and normal repairs are charged to statement of profit or loss as and when incurred.

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Depreciation

Depreciation on additions is charged from the date when the assets are available for use while no depreciation is charged from the date in which the assets are disposed off. Depreciation is charged to the statement of profit or loss by applying the straight line method so as to write off the depreciable amount of an asset over its economic useful life at the rates as disclosed in Note 5 to these financial statements.

The residual values and useful lives are reviewed by the management, at each reporting date and adjusted if impact on depreciation is significant.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives. Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Impairment

Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount over its estimated useful life.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. The gain or loss on disposal or retirement of property and equipment is represented by the difference between the sale proceeds and the carrying amount of the property and equipment and is recognized as an income or expense in the year of disposal in statement of profit or loss.

4.2 Intangible assets

Recognition and measurement

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one period are capitalized. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and recognized accumulated impairment losses, if any, thereon. Internally generated Intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss In the period in which the expenditure is incurred.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.
The useful lives of intangible assets are assessed as either finite or indefinite.

Amortization

Intangible asset with finite lives is amortized on straight-line basis over its useful economic life at the rates specified in Note 6 to these financial statements and the resulting amortization is charged to statement of profit or loss. Amortization on additions is charged for the full month in which the asset is acquired while no amortization is charged in the month of its disposal. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis, if the impact of amortization is significant.

Impairment

The carrying amount of the intangible assets with finite lives is also reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from Indefinite to finite is made on a prospective basis.

De-recognition

An intangible asset is derecognized when the future economic benefits embodying in the asset will not flow to the Company and the amount cannot be measured reliably. Gain or loss arising on disposal of intangible asset is represented by the difference between the sale proceeds and the carrying amounts of the asset and is recognized as an income or expense in the statement of profit or loss.

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Research and development costs for Block Chain Software

Research costs are expensed as Incurred. Development expenditures on an Individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated impairment losses. The Company's core business is to use Block Chain Software to process data and extract various reports and analysis which makes the Block Chain Software a key asset for the Company's operations. Block Chain Software is the first of its kind block chain-native platform for any capital market infrastructure operator company in Pakistan for providing user friendly facilities to its customers to penetrate the market and to introduce new business segments.

Other accounting and operational software

The company made upfront payments to software developers against the acquisition of accounting and operational software for business use.

The following policies are being applied to the company's softwares:

	Block Chain Software	Accounting and operational software
Useful lives	Indefinite	Finite (10 years)
Amortization method	No amortization	Amortization on straight line basis over useful life
Internally generated or acquired	Internally generated	Acquired

4.3 Financial instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company. Financial instruments carried on the statement of financial position include long term deposits, trade receivables, short term investments, other receivables, due from related parties, cash and bank balances, accrued & other liabilities and due to related parties etc.

(a) Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the company commits to purchase or sell the asset.

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.

i- Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

ii- Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss.

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iii- Financial assets at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises. Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Initial recognition and measurement

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income from the financial assets, foreign exchange gains and losses and impairment losses are recognized in the 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 in fair value and dividends arising on equity instruments are charged to the statement of profit or loss.

Financial assets at fair value through other comprehensive income are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets 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 either:

(i) the Company has transferred substantially all the risks and rewards of the asset; or
(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in statement of profit or loss for all the financial assets carried at amortized cost, FVPL and FVOCI. In case of financial assets carried at FVOCI cumulative gain or loss previously recognized in OCI is reclassified to profit or loss, except for equity instruments which are recycled to retained earnings from fair value reserve within equity.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

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Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. 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 effective interest rate.

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 those 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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognizes in profit or loss, as an impairment loss (or reversal of impairment), the amount of expected credit losses (or reversal of impairment) that is required to adjust the loss allowance at the reporting date. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include accrued and other liabilities etc.

The Company does not reclassify any of its financial liabilities.

Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss.

Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (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 the statement of profit or loss. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss when the liabilities are derecognized.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective of carrying amounts is recognized in the statement of profit or loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.4 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on property and equipment are charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future year to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

4.5 Trade debts and other receivables

Trade and other receivables represent the Company's right and are initially recognized at an amount of consideration that is unconditional unless they contain significant financing component in which case they are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest rate method. Deduction, if any, is made for doubtful receivables based on expected credit losses model. Bad debts are written off when identified. Provision for loss allowance on doubtful debts is charged to statement of profit or loss.

4.6 Right-of-use assets and their related lease liability

i Right of-use assets

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

fixed payments, including in substance fixed payments;
variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;

amount expected to be payable under a residual guarantee; and

the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.7 Accrued and other liabilities

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Accrued and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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4.8 Taxation - Levy and Income Tax

Income tax comprises current and deferred tax. Income tax is recognized in the 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.

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, except for taxes on dividends on the Company's investments in subsidiaries and associates which are specifically within the scope of IAS 12 and hence these continue to be categorized as current income tax.

Current

Current income tax assets and liabilities for the current and prior years 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 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. 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. Super tax, if applicable, on the Company is calculated as per applicable tax rates as per Income Tax Ordinance, 2001.

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

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior year, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. The Company offsets current tax assets and current tax liabilities if, and only if, it 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 situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the 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 taxable temporary differences. The Company recognizes deferred tax asset on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets 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 the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse. Deferred tax is charged or credited in the statement of profit or loss, except where deferred tax arises on the items credited or charged to comprehensive income or directly to the equity, in which case it is adjusted in statement of comprehensive income or statement of changes in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.9 Staff retirement benefits

The Company operates recognized provident fund scheme covering all its permanent employees. The employees become eligible under the scheme if they successfully receive confirmation about their permanent employment status which is usually after two to three months from the first day of their joining. Equal contributions @ 8.33% per month are made both by the Company and employees to the fund.

4.10 Contingent liabilities

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

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

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

4.11 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and 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 can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

4.12 Investment in associates

Investments in associated companies where significant influence can be established are accounted for using the equity method. Under this method, the investments are stated at cost plus the Company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investment. Income on investments in associated companies is recognized using the equity method. Under this method, the Company's share of post-acquisition profit or loss of the associated companies is included in profit or loss, its share of post-acquisition other comprehensive income or loss is included in other comprehensive income and its share of post-acquisition movements in reserves is recognized in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

4.13 Cash and bank balances

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash equivalents are short term highly liquid instruments that are readily convertible to known amounts of cash, which are subject to insignificant changes in value, cash in hand, cash at bank in current & saving accounts and book overdrawn balances. In the statement of financial position, book overdrawn balances are in included in current liabilities, if any.

4.14 Revenue recognition

Revenue is recognized in accordance by applying the following steps:

i) Identifying contract with a customer
ii) Identifying performance obligation in the contract
iii) Determining transaction price of the contract
iv) Allocating transaction price to each of the separate performance obligations in the contract
v) Recognizing the revenue when (or as) the Company satisfies a performance obligation

The Company recognizes revenue as follows:

Revenue from trusteeship, custodial and other corporate services is recognized when the Company satisfies a performance obligation by rendering promised services as per respective agreements with customers.

Dividend income is recognized when the Company's right to receive dividend is established.

Profit on bank balances is accounted for on time proportion basis under the effective yield method.

Unrealized gains / (losses) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise.

Gains and losses on sale of investments are accounted for on trade date i.e. the date on which the Company commits to purchase or sell the asset.

4.15 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:

Level 1

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.

Level 2

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.

Level 3

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 the statement of 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.

4.16 Related party transactions

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method, except in rarely extreme circumstances, subject to the approval of the Board, where it is in the interests of the company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the company.

4.17 Operating Segments

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer has been identified as the chief operating decision-maker that made strategic decisions and who is also responsible for allocating resources to the operating segments, assessing their performance and whose results are regularly reviewed by it based on the discrete financial information of each segment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of Intangible assets, trade and other receivables, investments in financial assets at FVPL and investment in associates. Segment liabilities comprise of accrued & other liabilities and exclude items that are common to all operating segments.

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Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment transfers are eliminated from the total, if any.

The management has determined that the Company has two major reporting segments; Income from investment in strategic portfolios and income earned from technical support and advisory services, that reflect the management structure of the company.

4.18 Dividend and transfer of reserves

Dividend and transfers among reserves declared after reporting date are treated as post statement of financial position non-adjusting events hence do not qualify for recognition in these financial statements. These transfers are, therefore, recorded in the next period's financial statements.

4.19 Share capital

Ordinary shares are classified as equity. Share capital represents the face value of shares that have been issued. Any transaction costs associated with the issuance of shares are deducted from share capital, net of any related income tax benefits, if any. Retained earnings include all current and prior period profits.

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss, as the case may be, attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. The Company does not account for the effect of potential ordinary shares while calculating dilutive loss per share in accordance with the requirements of the IAS 33 'Earnings per Share'.

4.21 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

5 PROPERTY AND EQUIPMENT	Note	**2024**	2023
		Rupees	
Operating fixed assets - tangible	5.1	**11,088,930**	16,189,925
Advance against vehicles	5.5	-	5,500,000
		11,088,930	21,689,925

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5.1 **Operating fixed assets - tangible**

DESCRIPTION	COST				Rate	DEPRECIATION				NET BOOK VALUE AS AT June 30, 2024
	As at July 01, 2023	Additions	Deletions	As at June 30,2024	%	As at July 01, 2023	Deletions / adjustments	For the year	As at June 30,2024	
	Rupees					Rupees				
OWNED										
Computers	7,323,219	640,600	-	7,963,819	25%	4,089,408		1,545,819	5,635,227	2,328,592
Furniture and fixtures	5,946,086	230,000	-	6,176,086	10%-20%	3,766,348		636,875	4,403,223	1,772,863
Office equipment	6,837,167	604,750	(15,500)	7,426,417	20%-33.33%	4,553,946	(15,500)	812,338	5,350,784	2,075,633
	20,106,472	1,475,350	(15,500)	21,566,322		12,409,702	(15,500)	2,995,032	15,389,234	6,177,088
RIGHT OF USE ASSET										
Rented premises	15,655,781	-	-	15,655,781	16.67% - 25%	7,162,626		3,581,313	10,743,939	4,911,842
	35,762,253	**1,475,350**	**(15,500)**	**37,222,103**		**19,572,328**	**(15,500)**	**6,576,345**	**26,133,173**	**11,088,930**

DESCRIPTION	COST				Rate	DEPRECIATION				NET BOOK VALUE AS AT June 30, 2023
	As at July 01, 2022	Additions	Deletions	As at June 30,2023	%	As at July 01, 2022	Deletions / adjustments	For the year	As at June 30,2023	
	Rupees					Rupees				
OWNED										
Computers	6,790,416	1,080,669	(547,866)	7,323,219	25%	3,266,344	(547,866)	1,370,930	4,089,408	3,233,811
Furniture and fixtures	8,351,850		(2,405,764)	5,946,086	10%-20%	3,649,361	(754,915)	871,902	3,766,348	2,179,738
Office equipment	7,596,467	16,000	(775,300)	6,837,167	20%-33.33%	4,010,015	(214,766)	758,697	4,553,946	2,283,221
Vehicles	2,810,000		(2,810,000)	-	20%	2,810,000	(2,810,000)		-	-
	25,548,733	1,096,669	(6,538,930)	20,106,472		13,735,720	(4,327,547)	3,001,529	12,409,702	7,696,770
RIGHT OF USE ASSET										
Rented premises	15,655,781		-	15,655,781	16.67% - 25%	3,581,313	-	3,581,313	7,162,626	8,493,155
	41,204,514	1,096,669	(6,538,930)	35,762,253		17,317,033	(4,327,547)	6,582,842	19,572,328	16,189,925

5.2 The depreciation charge for the year has been allocated to operating and administrative charges (Refer Note 20).

5.3 The particulars of operating fixed assets disposed of during the year are as follows:

Particulars	**Cost**	**Net book value**	**Sale proceeds**	**Gain / (loss) on disposal**	**Mode of disposal**	**Purchaser and its relationship with company**
	Rupees					
Office equipment						
HP Laser	15,500	-	10,000	10,000	Negotiation	Dynamic electronics 'third party'
June 30,2024	**15,500**	**-**	**10,000**	**10,000**		
June 30,2023	6,538,930	2,211,384	1,635,000	(576,384)		

5.4 The particulars of fully depreciated assets are as follows:

Particulars	**2024**	2023
	Rupees	
Computers	**1,757,846**	1,309,702
Furniture and fixtures	**2,794,765**	2,757,765
Office equipment	**3,674,522**	3,088,487
	8,227,133	7,155,954

5.5 This advance had been adjusted during the year against the purchase of vehicle that has been directly taken over by Messrs. LSE Capital Limited, an associated undertaking of the company and is in use of the said party. However, the vehicle is registered in the name of Cordoba Leasing Limited after the reporting date under the sale and lease back arrangement entered into between the leasing company and the aforesaid related party. This balance is now become receivable from Messrs. LSE Capital Limited.

6 INTANGIBLE ASSETS

	Note	Block Chain Software	Development cost - MAC 360	Accounting software	Operational software	Total
		2024				
		----------Rupees----------				
As at July 1, 2023						
Cost	6.1	361,967,362	-	143,136	40,000	362,150,498
Accumulated amortization		-	-	(97,342)	(20,999)	(118,341)
Net book value		361,967,362	-	45,794	19,001	362,032,157
As at June 30, 2024						
Opening net book value		361,967,362	-	45,794	19,001	362,032,157
Additions during the year	6.3	-	14,615,907	-	-	14,615,907
Charge for the year	20	-	-	(14,314)	(4,000)	(18,314)
Closing net book value		361,967,362	14,615,907	31,480	15,001	376,629,751
As at June 30, 2024						
Cost		361,967,362	14,615,907	143,136	40,000	376,766,405
Accumulated amortization		-	-	(111,656)	(24,999)	(136,655)
Net book value		361,967,362	14,615,907	31,480	15,001	376,629,750
Amortization rate per annum (%)		-		10%	10%	

	Note	Block Chain Software	Development cost - MAC 360	Accounting software	Operational software	Total
		2023				
		----------Rupees----------				
As at July 1, 2022						
Cost		361,967,362	-	143,136	40,000	362,150,498
Accumulated amortization		-	-	(87,528)	(16,999)	(104,527)
Net book value		361,967,362	-	55,608	23,001	362,045,971
As at June 30, 2023						
Opening net book value		361,967,362	-	55,608	23,001	362,045,971
Charge for the year	20	-	-	(9,814)	(4,000)	(13,814)
Closing net book value		361,967,362	-	45,794	19,001	362,032,157
As at June 30, 2023						
Cost		361,967,362	-	143,136	40,000	362,150,498
Accumulated amortization		-	-	(97,342)	(20,999)	(118,341)
Net book value		361,967,362	-	45,794	19,001	362,032,157
Amortization rate per annum (%)		-		10%	10%	

6.1 On March 31, 2022, the Company had entered into an agreement with Messrs. LSE Capital Limited, an associated company whereby the parties mutually agreed the digital platform developed by the said associated company shall be deemed to fall under the ownership of the company and shall always belong to and vest with it.

As per aforementioned agreement, the company was required to pay an aggregate consideration amounting to Rs. 704 million for the right to use and own digital platform plus its associated goodwill with effect from January 01, 2022 (effective date) over a period of next five and a half year (5.5 years) comprising irregular installments per year, the present value for which as at June 30, 2022 amount to Rs. 362 million.

6.2 The Block Chain software is considered as a single cash generating unit. The company performed its annual impairment test in June 30, 2024 and June 30, 2023. The recoverable amount of the asset of Rs. 1,130.403 million as at June 30, 2024 and Rs. 1,110.643 million as at June 30, 2023 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Board of Directors covering a five-year period. The pre-tax discount (WACC) rate applied to cash flow projections is 19.22% (2023: 26.59%) and cash flows beyond the five-year period are extrapolated using a 2% growth rate that is the same as the long-term average growth rale for economy. It was concluded that the fair value less costs of disposal cannot be estimated, therefore, value in use has been compared with the carrying amount. As per this analysis, the management has not recognized any impairment charge.

Key assumptions used In discounted cash flows calculations

The calculation of value In use for CGU is most sensitive to the following assumptions:

- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

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Discount rates

Discount rates represent the current market assessment of the risks specific to the Block Chain Software taking into consideration the time value of money and individual risks of the underlying asset that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company which is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors.

Growth rates

Growth rate estimates are used to extrapolate cash flows beyond the five-year forecast period are based on GDP rates published In "Economic Survey of Pakistan 2023 to 2024"

6.3 This represents the expenditure incurred so far in connection with the development of new software MAC 360 which is in progress until the terminal date. It is being developed for the purpose of development of trade settlement and unit management. It can be used as fund management, assembling portfolios, maintaining accounts, chart of accounts, preparation of financial statements and voucher reports, recording of financial transactions, calculation of daily Net asset values (NAV) of funds, preparing fund portfolio & NAV analysis reports and configurations of user management etc. The management of the Company demonstrates that this expenditure has met the capitalization criteria for recognition as development cost in accordance with IAS 38,"Intangible assets".

The breakup of cost incurred is as follows:	Note	2024	2023
		------------Rupees----------	
Salaries and benefits	6.3.1	4,615,907	-
Consultancy fees		10,000,000	-
		14,615,907	-

6.3.1 These include remuneration to executives amounting to Rs. 3.033 million (2023: Nil).

6.4 The amortization is allocated to operating and administrative expenses (Refer Note 20).

7 LONG TERM DEPOSITS

		2024	2023
Security deposit against:			
Central Depository Company of Pakistan Limited (CDC)		200,000	200,000
Rental premises			
Yaqoob Trading Company		1,685,400	1,685,400
ISE Towers REIT Management Company Limited, associated company		280,000	280,000
Topline securities		18,966	18,966
		2,184,366	2,184,366

8 INVESTMENT IN ASSOCIATES

	Note	2024	2023
Associated undertakings			
Modaraba Al Mali Strategic Holding	8.1	-	85,328,551
LSE Capital Limited	8.2	206,038,292	-
LSE Financial Services Limited	8.3	10,613,027	-
		216,651,319	85,328,551

8.1 Modaraba Al Mali Strategic Holding

	Note	2024	2023
Balance as at July 01,		85,328,551	83,836,944
Add: Post tax share of loss for the year	21	-	(366,924)
Add: Post tax share of other comprehensive income for the year	27	-	1,858,531
		-	1,491,607
Less: Derecognition of investment	8.1.1	(85,328,551)	-
Balance as at June 30,		-	85,328,551
Number of certificates of Rs. 10 each		-	7,943,905
Investment as percentage of the total paid-up certificate capital of the Modaraba		-	10.00%

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8.1.1 This represented the value of the Modaraba certificates held by the Company, which was calculated under the equity method as the Company had held 10% stake in the Modaraba prior to the scheme of merger entered into between the Modaraba and LSE Capital Limited. Under the scheme of merger, Modaraba Al Mali has been merged with and into LSE Capital Limited, Management Company of the Modaraba w.e.f. July 01, 2023. As per the merger scheme, the modaraba certificates previously issued by Modaraba have been swapped with ordinary shares to be issued by LSE Capital under the scheme of merger in a swap ratio of 0.83:1 i.e. 83 shares in LSE Capital for every 100 certificates held in Modaraba Al Mali. Accordingly, the carrying amount of investment in Modaraba Al Mali has been derecognized as at the effective date with the corresponding recognition of investment in LSE Capital Limited at that date. Upon effectuation of scheme of merger, Modaraba is dissolved without winding up by the order of Court. The carrying value has been determined on the basis of total value of the Modaraba as per its latest available audited financial statements for the year ended June 30, 2023, without taking into consideration the market value of the same.

Modaraba Al-Mali was a multipurpose and perpetual Modaraba floated on July 8, 1987. It was managed by LSE Capital Limited. The Modaraba was listed on Pakistan Stock Exchange Limited. The registered office of the Modaraba is situated at 505, 5th floor, LSE Plaza, Kashmir-Edgerton Road, Lahore, in the province of Punjab.

Since, the LSE Capital Limited, the management company of the Modaraba was holding 35% of the share capital of the company prior to the effectuation of merger scheme, therefore, the companies are associates of each other as per the requirements of International Financial Reporting Standards. The company was also an associated undertaking of the Modaraba Al Mali as per the Companies Act, 2017 owing to common directorships in the Modaraba and its management company.

The summarized financial information in respect of Modaraba Al Mali is set out below. The summarized financial information represents the amounts as shown in the associate's latest available audited financial statements for the respective periods.

	Note	2024	2023
		------------Rupees-----------	
Extracts of statement of financial position			
Total assets		-	1,467,962,839
Total liabilities		-	(352,731,276)
Net assets		-	1,115,231,563
Extracts of statement of profit or loss and comprehensive income			
Loss for the year		-	(3,668,540)
Other comprehensive income for the year		-	18,581,776

Reconciliation of the above summarized financial information to the carrying amount of the

interest in the Modaraba Al Mali recognized in the financial statements:

	Note	2024	2023
Net assets of the associate		-	1,115,231,563
Proportion of the Group's ownership		-	10%
Interest of company in net assets of associate		-	111,544,367
Other adjustments (including prior years)		-	(5,600,690)
Apportionment of share of profit of associate - prior years		-	(20,615,126)
Carrying amount of the Company's interest in associate		-	85,328,551

8.2 LSE Capital Limited

	Note	2024	2023
Balance as at July 01,		-	-
Add: Acquisition of investment under merger scheme	8.2.1	120,493,862	-
Add: Investment acquired during the year	8.2.2	71,610,880	-
		192,104,742	-
Post tax share of profit for the year	21	6,918,925	-
Post tax share of other comprehensive income for the year	27	7,014,625	-
		13,933,550	-
		206,038,292	-
Number of ordinary shares of Rs. 10 each		12,691,363	-
Investment as percentage of the total paid-up share capital of the LSE Capital		7.01%	0.00%

8.2.1 This represents the investment in Modaraba Al Mali swapped with investment in the share capital of LSE Capital Limited as a result of merger scheme. Under the merger scheme, the LSE Capital Limited will issue shares to the existing certificate-holders of Modaraba Al Mali in swap ratio of 0.83:1 as disclosed in Note 8.1 above. In addition to this, LSE Capital Limited will also issue shares to the certificate-holders of Modaraba in the same ratio against the investment of the Modaraba previously held in LSE Proptech Limited, an associated undertaking of the company, that is also merged in LSE Capital under the merger scheme.

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LSE Capital was incorporated in January 22, 1986 under the old name of JS Finance Limited. Later the company's name was changed to Bank Islami Modaraba Investments Limited which was again changed to Assetplex Limited. Thereafter, the company's name was changed to LSE Capital Limited during 2023. On July 01, 2023, the LSE Capital Limited entered into scheme of merger with Modaraba Al Mali and LSE Proptech Limited wherein the latter companies will be merged with and into the former company. The company also attained listing status at PSX on May 24, 2024 as a consequence of merger. The company also holds license of managing modarabas as well as to act as a consultant to the issue for the IPOs and corporate finance advisory services.

8.2.2 On July 10, 2023, the Company had acquired 5,000,000 certificates of Modaraba Al Mali on conversion of musharaka finance facility payable by the Modaraba to the Company. Under the merger scheme, these modaraba certificates are also swapped with the shares of LSE Capital Limited in the swap ratio as disclosed in Note 8.2.1.

The summarized financial information in respect of LSE Capital Limited is set out below. The summarized financial information represents the amounts as shown in the associate's latest available unaudited financial statements for the year ended June 30, 2024.

	Note	2024	2023
		------------Rupees----------	
Extracts of statement of financial position			
Total assets		3,524,165,000	-
Total liabilities		(533,360,000)	-
Net assets		2,990,805,000	-
Extracts of statement of profit or loss and comprehensive income			
Profit for the year		98,759,000	-
Other comprehensive income for the year		100,125,000	-

Reconciliation of the above summarized financial information to the carrying amount of the interest in the LSE Capital Limited recognized in the financial statements:

	2024	2023
Net assets of the associate	2,990,805,000	-
Proportion of the Group's ownership	7.01%	-
Interest of company in net assets of associate	209,531,837	-
Other adjustments	(3,493,545)	-
Carrying amount of the Company's interest in associate	206,038,292	-

8.3 LSE Financial Services Limited

	Note	2024	2023
Balance as at July 01,		-	-
Add: Acquisition of investment under merger scheme	8.3.1	6,436,758	-
Add: Investment acquired during the year	8.3.2	2,735,622	-
		9,172,380	-
Post tax share of profit for the year	21	1,419,464	-
Post tax share of other comprehensive income for the year	27	21,183	-
		1,440,647	-
		10,613,027	-
Number of ordinary shares of Rs. 10 each		841,582	-
Investment as percentage of the total paid-up share capital of the LSE Financial Services Limited		2.36%	-

8.3.1 This represents the investment in Modaraba Al Mali swapped with investment in the share capital of LSE Financial Services Limited as a result of merger scheme. Under the merger scheme, the LSE Financial Services Limited will also issue shares to the existing certificate-holders of Modaraba Al Mali in swap ratio of 65.03:1000 i.e. 65.03 shares in LSE Financial Services Limited for every 1,000 certificates held in Modaraba Al Mali.

LSE Financial Services Limited (the Company) was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the repealed Companies Act, 1913 (now the Companies Act, 2017) on October 08, 1970 as a Company limited by guarantee. The Company was re-registered as a pubic unlisted Company limited by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. Securities and Exchange Commission of Pakistan ("the Commission") vide its notification dated August 25, 2015 directed integration of the stock exchanges in the country. Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations and was granted a license by the Commission on January 11, 2016 to operate as an investment finance services company under the name LSE Financial Services Limited. The Company was listed on Pakistan Stock Exchange Limited ("PSX) and its share started trading on May 31, 2024 consequent to the scheme of arrangement, partial merger with LSE Capital limited, through merger order of Honorable High Court dated April 03, 2024.

8.3.2 On July 10, 2023, the Company had acquired 5,000,000 certificates of Modaraba Al Mali on conversion of musharaka finance facility payable by the Modaraba to the Company. Under the merger scheme, these modaraba certificates are also swapped with the shares of LSE Financial Services Limited in the swap ratio as disclosed in Note 8.3.1.

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The summarized financial information in respect of LSE Financial Services Limited is set out below. The summarized financial information represents the amounts as shown in the associate's latest available unaudited financial statements for the year ended June 30, 2024.

	Note	2024	2023
		------------Rupees----------	
Extracts of statement of financial position			
Total assets		540,399,000	-
Total liabilities		(90,476,000)	-
Net assets		449,923,000	-
Extracts of statement of profit or loss and comprehensive income			
Profit for the year		60,176,000	-
Other comprehensive income for the year		898,000	-

Reconciliation of the above summarized financial information to the carrying amount of the interest in the LSE Financial Services Limited recognized in the financial statements:

		2024	2023
Net assets of the associate		449,923,000	-
Proportion of the Group's ownership		2.36%	-
Interest of company in net assets of associate		10,613,027	-
Other adjustments		-	-
Carrying amount of the Company's interest in associate		10,613,027	-

8.4 The investment in associated companies and undertakings have been made in accordance with the requirement under Companies Act, 2017.

9 TRADE RECEIVABLES - UNSECURED

	Note	2024	2023
Considered good		12,956,652	16,469,132
Considered doubtful		1,578,318	-
Total receivables as at June 30,		14,534,970	16,469,132
Less: Impairment of trade receivables under expected credit loss	20	(1,578,318)	-
		12,956,652	16,469,132

These represent amounts due from various parties which is past due but not impaired. These relate to a number of independent customers and corporate parties from whom there is no recent history of default. Normally, the trade receivables are within the credit period of 30 to 90 days. The ageing analysis of these trade receivables is as follows:

	2024	2023
Upto 1 month	9,127,657	7,252,830
1 to 6 months	4,838,386	8,656,456
6 months to 1 year	568,927	559,846
	14,534,970	16,469,132

9.1 These include balance receivable from the following related parties:

Associated companies	2024	2023
LSE Proptech Limited	-	25,000
LSE Ventures Limited	56,500	25,000
LSE Capital Limited	-	326,583
Ensmile Limited	-	460,000
	56,500	836,583

9.2 These balances are past due but not impaired and are within the age bracket of 1 to 6 months. The year end balance being the highest aggregate balance due from these related parties at the end of any month during the year.

10 SHORT TERM INVESTMENTS - measured at

Fair value through profit or loss	2024	2023
MCB Cash Management Optimizer Fund		
Balance as at July 01,	226,454	1,844,467
Investment made during the year	-	45,054,846
Redemption during the year	-	(47,000,000)
Unrealized gain on re-measurement of investment at fair value	2,987	300,472
Dividend reinvested during the year, net of tax	41,325	26,669
Balance as at June 30,	270,766	226,454
Number of units	2,232	2,232

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		Note	2024	2023
11	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		------------Rupees-----------	
	Advances to staff - secured and considered good	11.1	**1,180,797**	-
	Musharaka finance to related party - associated concern			
	Modaraba Al Mali - unsecured and considered good	11.2	**-**	50,000,000
	Accrued income - Musharaka finance	11.3	**-**	6,811,644
	Security deposit - rented premises		**460,950**	-
	Prepayments		**349,597**	1,118,057
	Due from related party - unsecured			
	LSE Capital Limited - associated company	11.4	**1,072,935**	-
			3,064,279	57,929,701

11.1 These are secured against retirement benefits - employees' provident fund. These interest free advances are given to employees in the ordinary course of business as per their employment terms and will be recovered against their monthly salaries in due course of time which is normally less than a year. These include Rs. 852,709 (June 30: Nil) as outstanding balance of advance given to the executives as per the Company's policy and their employment terms. The year end balance being the highest aggregate balance of advance due from these executives at the end of any month during the year. The balance receivable from these executives is within the age bracket of within one year.

11.2 This represented musharaka finance facility extended to the above named listed Modaraba in the sum of Rs. 50 million for a tenor of 276 days to meet its working capital requirements. It was unsecured and carried profit rate @ 6 months Kibor + 2% per annum. This facility along with profit was stated to be recovered in full on maturity. As per the mutually agreed terms between the parties, no profit after the tenor of 276 days was to be charged by the company on the outstanding balance of musharaka finance due from the associated concern. During the year, this facility amount has been transferred to investment in Modaraba Al Mali on conversion of this musharaka finance facility into certificate capital of the Modaraba, which has now become investment in LSE Capital Limited and LSE Financial Services Limited as a result of merger scheme with effect from July 01, 2023 as disclosed in Note 8 of these financial statements.

11.3 This represented profit receivable from Modaraba Al Mali, an ex-associated concern, on the musharaka finance facility extended to the said party as disclosed in Note 11.2 above. This balance has been adjusted during the year.

11.4 This represents net balance receivable from the aforenamed related party as current account. This past due and unimpaired balance is unsecured, recoverable in the ordinary course of business and is within the age bracket of one year. It carries interest @ 1 year KIBOR as per the requirements of section 199 of the Companies Act, 2017. The maximum aggregate balance due from this party at the end of any month is Rs. 8,834,284 (2023: Nil). It includes Rs. 42,693 (2023: Nil) as interest receivable from the said related party.

		Note	2024	2023
12	**TAX REFUNDS DUE FROM THE GOVERNMENT**		------------Rupees-----------	
	Advance income tax			
	Balance as at July 01,		**14,726,976**	3,303,730
	Tax deducted at source		**11,003,972**	21,121,248
	Provision for taxation	25	**(19,268,806)**	(9,698,002)
	Balance as at June 30,		**6,462,142**	14,726,976
13	**CASH AND BANK BALANCES**			
	Cash in hand		**161,309**	350,394
	Cash at bank in:			
	Current account		**-**	249,750
	Saving accounts	13.1	**1,176,199**	1,464,725
			1,176,199	1,714,475
			1,337,508	2,064,869

13.1 These saving bank accounts carry profit rates ranging from 19.45% to 20.59% (2023: 12.24% to 19.45%) per annum.

14 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

14.1 Authorized share capital

2024	2023		2024	2023
Number of shares			------------- Rupees ------------	
60,000,000	60,000,000	Ordinary shares of Rs. 10 each	**600,000,000**	600,000,000

14.2 Issued, subscribed and paid up capital

2024	2023		2024	2023
Number of shares			------------ Rupees ------------	
52,266,777	52,266,777	Ordinary shares of Rs. 10 each, fully paid in cash	**522,667,768**	522,667,768

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		2024	2023
14.3 The shareholding structure of the Company is as under:		------------ Number ------------	
Name of shareholders	**%age of shareholding**		
InfoTech (Private) Limited	9.00%	4,704,480	21,378,842
LSE Capital Limited	28.50%	14,897,248	18,347,472
LSE Financial Services Limited	36.00%	18,817,917	-
LSE Ventures Limited	9.99%	5,221,973	5,221,973
ISE Towers REIT Management Company Limited	9.00%	4,704,480	4,704,480
Others	7.50%	3,920,679	2,614,010
	100%	52,266,777	52,266,777

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

15 LEASE LIABILITY

	Note	2024	2023
		------------ Rupees ------------	
Balance as at July 01,		9,778,600	12,983,818
Less: Payments made during the period / year		(3,822,781)	(3,205,218)
Balance as at June 30,		5,955,819	9,778,600
Less: current portion shown under current liabilities		(4,170,119)	(3,819,107)
		1,785,700	5,959,493

15.1 This represents office premises located at Karachi and Islamabad acquired under a lease arrangement with landlords for a lease term of 2 years and 3 years respectively. These lease arrangements have a renewal option for a further period of lease and the company intends to exercise its option to use the underlying asset for another period of lease terms. Present value of minimum lease payments was discounted at an interest rate implicit in lease which equals to an interest rate of approximately 10.07% (2023: 10.07%) per annum. Taxes, utilities and repairs are to be borne by the company. This facility is secured against the security deposit paid to the landlord as disclosed in Note 7 of these financial statements.

15.2 Maturity analysis - contractual undiscounted cash flows

	2024	2023
Less than one year	4,567,209	4,632,032
One to five years	1,958,966	6,526,175
Total undiscounted lease liabilities	6,526,175	11,158,207

16 DEFERRED TAXATION

	Note	2024	2023
Deferred tax liability in respect of taxable temporary differences			
Depreciation on Right of use asset		1,424,434	2,463,015
Amortization of intangible assets		4,458,875	6,296,229
Share of profit and other comprehensive income in associate		6,841,530	883,425
Unrealized gain on re-measurement of short term investments		448	45,071
		12,725,287	9,687,740
Deferred tax asset in respect of deductible temporary differences			
Depreciation on property and equipment		(1,060,556)	(900,525)
Lease liability		(1,727,188)	(2,835,794)
		(2,787,744)	(3,736,319)
Deferred tax liability as at June 30,		9,937,543	5,951,421
Less: Balance as at July 01,		5,951,421	3,439,701
Less: Deferred tax attributable to comprehensive income		1,055,371	278,780
Deferred tax expense charged in the statement of profit or loss	25	2,930,751	2,232,940

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16.1 The reconciliation in this head of account is as follows:

	Balance as at July 01, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2024
	---Rupees---						
Depreciation on property and equipment	373,916	(1,274,441)	-	(900,525)	(160,031)	-	(1,060,556)
Depreciation on Right of use asset	3,501,596	(1,038,581)	-	2,463,015	(1,038,581)	-	1,424,434
Amortization of intangible assets	2,622,260	3,673,969	-	6,296,229	(1,837,354)	-	4,458,875
Share of profit and other comprehensive income in associate	659,684	(55,039)	278,780	883,425	4,902,734	1,055,371	6,841,530
Unrealized gain on re-measurement of short term investments	47,552	(2,481)	-	45,071	(44,623)	-	448
Lease liability	(3,765,307)	929,513	-	(2,835,794)	1,108,606	-	(1,727,188)
	3,439,701	2,232,940	278,780	**5,951,421**	**2,930,751**	**1,055,371**	**9,937,543**

16.2 Deferred tax assets on account of unused tax losses amounting to Nil (June 30, 2023: Rs. 9.847 million) have not been recognized in these financial statements as the timing of generation of taxable profits in the foreseeable future is not certain.

		Note	2024	2023
			---Rupees---	
17	**ACCURED AND OTHER LIABILITIES**			
	Accrued liabilities	**17.1**	**6,045,682**	6,745,892
	Payable to SECP against annual fee		**5,937,857**	4,516,473
	Due to related party - associated undertaking			
	LSE Financial Services Limited	**17.2**	**2,644,027**	-
	Modaraba Al Mali	**17.3**	**-**	13,125,928
			14,627,566	24,388,293

17.1 These include contribution to staff provident fund amounting to Rs. 345,949 (2023: Rs. 429,879) which have been deposited in the bank account of the fund after the reporting date within the stipulated period of time as laid in the Companies Act, 2017. These also include an outstanding balance of Rs. 700,000 payable to directors on account of their meeting fee as approved by the BOD.

17.2 This represents an amount payable to the above named related party as current account. It is unsecured, interest bearing and payable on demand. It carries interest @ 1 year KIBOR that amounted to Rs. 27,599 and is included in the balance amount payable from the above named related party as per the requirements of Section 199 of the Companies Act, 2017.

17.3 This represented balance amounts payable to the above named ex-related party on account of tax withheld in the name of the company for holding the custody of securities of Ghani Chemical Industries Limited for trading in the name of the Modaraba as a trustee. This balance was unsecured and payable on demand. As per the scheme of merger of Modaraba Al Mali with and into LSE Capital Limited that is effective from July 01, 2023, all the rights and obligations that were previously been appearing in the name of Modaraba Al Mali are now vested to LSE Capital Limited.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There were no known material contingencies of the company as at the reporting date (2023: Nil).

18.2 Commitments

There were no capital and other commitments of the company as at the reporting date (2023: Nil).

		Note	2024	2023
			---Rupees---	
19	**OPERATING INCOME**			
	Trustee income	**19.2**	**91,103,172**	79,830,642
	Custody income	**19.3**	**11,280,887**	11,368,785
	D Share registry	**19.4**	**5,340,772**	2,916,471
	Stock pledging income	**19.5**	**1,520,000**	4,027,434
	Technology / SaaS services	**19.6**	**10,500,000**	-
			119,744,831	98,143,332

19.1 Sindh sales tax on revenue charged during the year amounted to Rs. 10.948 million (2023: Rs. 7.383 million).

19.2 During the year, the Company provided trusteeship services to 38 mutual funds (2023: 34). The remuneration has been received from these funds at different rates in accordance with respective agreements duly executed with parties.

19.3 During the year, the Company provided custodial services to 69 (2023: 80) clients. Custodial fee has been charged as per the agreements entered into with such clients.

19.4 During the year, the Company provided share registrar services to 42 (2023: 23) clients. Fee has been charged as per agreements with such clients.

19.5 During the year, the company provided stock pledging services to 3 (2023: 4) client. Stock pledging fee has been charged as per the agreements entered into with such clients.

19.6 During the year, the Company provided cloud data development and support services to 1 (2023: None) client. Data development and support fee has been charged as per the agreement with such client.

	Note	2024	2023
		-------------Rupees-----------	
20 OPERATING AND ADMINISTRATIVE EXPENSES			
Directors' remuneration	20.1	**7,200,000**	-
Salaries, allowances and benefits	20.2	**50,061,468**	54,494,861
Directors' meeting fee	20.3	**2,150,000**	1,000,000
Auditors' remuneration	20.4	**1,610,000**	1,100,000
Advertisement and marketing expense		**3,525,133**	3,958,745
Computer and technical support expenses		**2,940,175**	2,664,938
Custody charges		**544,665**	315,553
Utilities		**3,261,591**	1,881,621
Entertainment		**2,148,486**	1,429,836
Insurance		**409,731**	308,780
Travelling and conveyance		**2,061,925**	1,004,367
Postage, photocopy and telegram		**226,590**	171,942
Rent, rates and taxes		**1,189,767**	-
Repairs and maintenance		**158,030**	715,562
Stationary, stamps and notary public expenses		**792,385**	854,680
Legal, professional charges and other fees	20.5	**8,702,217**	9,413,024
Miscellaneous expenses		**660,564**	367,511
Loss on disposal of operating fixed assets	5.3	**-**	576,384
Balance receivable written off		**-**	1,976,662
Bad debts written off	20.6	**2,832,570**	-
Impairment of trade receivables under expected credit loss	9	**1,578,318**	-
Depreciation of operating fixed assets	5.1	**6,576,345**	6,582,842
Amortization of intangible assets	6	**18,314**	13,814
		98,648,274	88,831,122

20.1 This represents honorarium paid to Mr. Shoaib Mir, one of the non-executive directors of the Company, who is also a non executive director of LSE Ventures Limited, an associated undertaking of the company amounting to Rs. 7,200,000 (2023: Nil) on account of his corporate and advisory services provided to the company as approved by the Board of Directors of the Company.

20.2 This includes an amount of Rs. 1,754,785 (2023: Rs. 1,494,005) in respect of contribution towards staff provident fund, related party.

20.3 Meeting fee was paid to the Non-executive directors of the company for attending corporate meetings of the company at rates as approved by the Board of Directors.

	2024	2023
20.4 Auditors' remuneration		
Statutory audit		
Audit fee	**1,100,000**	1,000,000
Out of pocket expenses	**110,000**	100,000
Special audit		
Audit fee	**350,000**	-
Out of pocket expenses	**50,000**	-
	1,610,000	1,100,000

20.5 The breakup of this head of account is as follows:

	2024	2023
Fees and subscription	**1,138,859**	866,822
Statutory fees to SECP	**6,435,636**	4,629,837
Legal and professional charges	**1,127,722**	3,916,365
	8,702,217	9,413,024

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20.6 This includes balances due from the following parties that is written off during the year.

Name of the party	Relationship with company	Note	2024	2023
			------------Rupees-----------	
Ensmile Limited	Ex-associated company		980,000	-
Metatech Trading Limited	Ex-associated company		284,000	-
			1,264,000	-

21 INCOME FROM ASSOCIATES

	Note	2024	2023
Post tax share of profit / (loss) from associates			
Modaraba Al Mali	8.1	-	(366,924)
LSE Capital Limited	8.2	6,918,925	-
LSE Financial Services Limited	8.3	1,419,464	-
		8,338,389	(366,924)
Gain on bargain purchase	21.1	24,346,502	-
		32,684,891	(366,924)

21.1 This represents the excess of Company's interest in the net assets of the associate over the original cost of investment in accordance with the requirements of International Accounting Standard-28,"Investments in Associates and Joint Ventures".

22 OTHER INCOME

	Note	2024	2023
Income from financial assets			
Dividend income		48,616	31,375
Profit on savings bank accounts		784,732	2,363,563
Realized gain on disposal of Modaraba certificates	22.1	41,602,068	-
Realized gain recycled to profit or loss from comprehensive income on disposal of associate	22.2	4,330,461	-
Profit on musharaka finance			
Modaraba Al Mali - associated undertaking		-	6,811,644
Income from non-financial assets			
Gain on disposal of operating fixed assets	5.3	10,000	-
		46,775,877	9,206,582

22.1 This represents the difference between the Company's interest in the net assets of associates (LSE Capital Limited and LSE Financial Services Limited) and the carrying amount of investment in Modaraba Al Mali as at the effective date of scheme of merger.

22.2 This represents the Company's share in comprehensive income of Modaraba Al Mali previously recognized in the "Statement of Changes in Equity" of the Company that has been recycled to profit or loss on the disposal of associate as per the requirements of IAS 28,"Investments in Associates and Joint Ventures".

23 FINANCE COST

	Note	2024	2023
Markup on:			
Interest cost - Associated companies			
LSE Financial Services Limited		27,599	-
LSE Capital Limited		1,579,240	-
		1,606,839	-
Lease liability against right of use asset		812,925	1,163,595
		2,419,764	1,163,595

24 LEVY

	Note	2024	2023
	24.1		
Minimum tax on services - differential		8,914,555	7,010,823
Tax on dividend		7,292	4,706
Capital gain tax		5,200,258	21,663
Prior year adjustment		3,929,519	-
		18,051,624	7,037,192

24.1 This represents final taxes paid under sections 153(1), 150 and 37(A) of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21and IAS 37.

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		Note	2024	2023
25	**PROVISION FOR TAXATION**		-------------Rupees-----------	
	Current year - Normal tax regime			
	for the year		2,847,842	2,660,810
	prior year adjustment		(1,630,660)	-
			1,217,182	2,660,810
	Deferred taxation	16	2,930,751	2,232,940
			4,147,933	4,893,750

25.1 Relationship between tax expense and accounting profit

	2024	2023
Accounting profit for the year before levy and taxation	98,140,548	17,288,744
Applicable tax rate	29%	29%
Tax on income	28,460,759	-
Tax effect on difference of admissible and non-admissible expenses	(2,798,900)	-
Tax effect of income related to dividend and capital gain, levy	(22,814,017)	-
Changes relating to prior year tax	(1,630,660)	-
Changes relating to deferred tax	2,930,751	-
	4,147,933	-

25.2 In the prior period, the company had brought forward losses of Rs. 40.720 million, therefore no provision for current taxation under normal tax regime was applicable in the comparative period except for the charge of normal taxation on musharaka income and profit on bank deposits.

			2024	2023
26	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation attributable to the company's owners	Rupees	75,940,991	5,357,802
	Weighted average number of ordinary shares outstanding during the year	Numbers	52,266,777	50,031,154
	Earnings per share - basic	Rupees	1.45	0.11
26.1	**Weighted-average number of ordinary shares (basic & diluted)**			
	Issued ordinary shares at July 01,		52,266,777	11,110,000
	Bonus issue		-	35,112,315
	Effect of right issue		-	3,808,839
	Weighted average number of ordinary shares at June 30,		52,266,777	50,031,154

26.2 The figure for diluted earnings per share is the same as basic earnings per share as the company has not issued any instrument which would have an impact on basic earnings per share when exercised.

		Note	2024	2023
			-------------Rupees-----------	
27	**POST TAX SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES**			
	Modaraba Al Mali	8.1	-	-
	LSE Capital Limited	8.2	7,014,625	-
	LSE Financial Services Limited	8.3	21,183	-
			7,035,808	-

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration, including all benefits, to the Chief Executive Officer, directors and executives are as follows:

	Chief Executive Officer		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	-------------Rupees-----------		-------------Rupees-----------		-------------Rupees-----------	
Managerial remuneration	-	-	6,000,000		10,826,387	7,749,912
Special pay	-	-	-	-	2,792,043	1,285,855
Provident fund	-	-	-	-	914,595	623,151
House rent allowance	-	-	-	-	4,871,658	3,487,112
Utilities	-	-	-	-	1,082,585	774,909
Medical	-	-	-	-	247,200	200,213
Bonus	-	-	-	-	933,362	296,002
Fuel and other allowances	-	-	1,200,000	-	1,147,816	702,039
	-	-	7,200,000	-	22,815,646	15,119,193
Number of persons	1	1	1	1	13	10

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28.1 The breakup of aggregate amount of remuneration to executives charged during the year in these financial statements is as follows:

	Executives		
	Capitalized as development cost (Note 6)	Charged to profit or loss (Note 20)	Total
	-------------Rupees-----------		
Managerial remuneration	1,412,703	9,413,685	10,826,388
Special pay	458,992	2,333,051	2,792,043
Provident fund	119,875	794,720	914,595
House rent allowance	635,509	4,236,149	4,871,658
Utilities	141,224	941,362	1,082,586
Medical	21,600	225,600	247,200
Bonus	124,950	808,412	933,362
Fuel and other allowances	118,248	1,029,568	1,147,816
	3,033,101	19,782,547	22,815,648

28.2 No remuneration is paid to the Chief executive officer and other directors of the company during the year, except as disclosed above. In addition to this, the use of company's maintained vehicle or benefit of any kind is not being given to any executive director of the company.

28.3 Meeting fee was paid to all the non executive directors of the company during the year as approved by the Board of Directors of the company.

29 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and their close family members, major shareholders of the Company and staff provident fund. Transactions with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration to chief executive officer, directors and executives is disclosed in note 28 to these financial statements. The balances with related parties are disclosed in respective notes to these financial statements. Other significant transactions carried out with related parties are as follows:

Name of the party	Relationship with the company	Basis of relationship	Nature of transaction	2024	2023
				-------------Rupees----------	
Modaraba Al Mali	Associated concern	Associate of associated company	Legal & professional charges borne by the associate	2,420,000	-
			Share registrar services provided to the party	50,000	-
LSE Capital Limited	Associated company	28.50% shareholding in the company	Share registrar services provided to the party	151,624	180,000
			Repayment of balance payable to the Modaraba Al Mali taken over by the party under merger scheme	5,986,459	-
			Interest charged by the party	1,579,240	-
ISE Towers REIT Management Company Limited	Associated company	9% shareholding in the company	Rent charged by the party	941,988	-
LSE Ventures Limited	Associated company	9.99% shareholding in the company	Share registrar services provided to the party	194,740	88,960
LSE Proptech Limited	Ex-associated company	Ex-associated company of LSE Capital Limited	Share registrar services provided to the party	100,000	103,960
Ensmile Limited	Ex-associated company	Ex-associated company of LSE Capital Limited	Share registrar services provided to the party	60,000	35,000
			Cloud data development and support services provided to the party	10,500,000	-
Metatech Trading Limited	Ex-associated company	Ex-associated company of LSE Capital Limited	Share registrar services provided to the party	385,000	173,956
LSE Financial Services Limited	Associated company	36% shareholding in the company	Property and equipment purchased by the party on behalf of the company	636,900	-
			Funds received from the party	1,979,528	-

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			Interest charged by the party	**27,599**	-
			Stock pledging services provided to the party	-	1,327,434
Muhammad Nasir Mirza	Director	Key management personnel	Meeting fee paid to director	**300,000**	125,000
Dr. Yusuf Zafar	Director	Key management personnel	Meeting fee paid to director	**100,000**	150,000
Naseer Ahmad Akhtar	Director	Key management personnel	Meeting fee paid to director	**200,000**	50,000
Muhammad Iqbal	Director	Key management personnel	Meeting fee paid to director	**300,000**	100,000
Shoaib Mir	Director	Key management personnel	Meeting fee paid to director	**200,000**	100,000
Farrukh Younus Khan	Director	Key management personnel	Meeting fee paid to director	**200,000**	100,000
Muhammad Khalid Farooq	Director	Key management personnel	Meeting fee paid to director	**200,000**	100,000
Syed Mukhtar Hussain	Director	Key management personnel	Meeting fee paid to director	**200,000**	100,000
Maleeha Humayun	Director	Key management personnel	Meeting fee paid to director	**300,000**	125,000
Aftab Ahmad Chaudhary	Chief Executive Officer	Key management personnel	Meeting fee paid to director	-	50,000
Muhammad Usman	Group Chief Financial Officer	Key management personnel	Meeting fee paid to director	**150,000**	-

30 STAFF PROVIDENT FUND

The following information is based on un-audited financial statements of the provident fund for the year ended June 30, 2024:

	2024	2023
	-------------Rupees-----------	
Size of the fund - total assets	**7,277,728**	3,572,157
Cost of investments	**7,277,728**	3,572,157
Percentage of investments made	**100%**	100%
Fair value of investments	**7,277,728**	3,572,157

The investments of the fund are kept in saving bank accounts maintained in the name of the staff provident fund.

Assets	Percentage		
Bank balances	100%	**7,277,728**	3,572,157

The above investments and placement of funds in special bank account has been made in accordance with the provisions of section 218 of Companies Act, 2017 and the rules formulated for this purpose.

31 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

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31.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including, price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out 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. The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risks i.e. interest rate risk, currency risk and price equity risk. These are:

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to currency risk because the company has not entered in to any transaction in foreign currency.

(ii) Other 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 the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk as well as market price risk as the Company has no investment in such instruments except for the investment in MCB Cash Management Optimizer Fund which is listed on PSX and has a good rating.

Sensitivity analysis for financial assets at fair value through profit or loss

As at reporting date, if fair value of equity investments increases / (decreases) by Rs. 1 with all other variables held constant, profit before tax for the year would have been higher / (lower) by Rs. 2,232 (2023: Rs. 2,232), mainly as a result of fair value fluctuation on PSX of the listed equity investments.

(iii) Interest rate risk

This represents 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 has no long-term interest-bearing assets at reporting date. The Company's interest rate risk arises from its bank balances and advance to LSE Capital Limited. Financial instruments at variable rate expose the Company to cash flow interest rate risk. Financial instruments with fixed interest rate expose to the Company to fair value interest rate risk. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	2024	2023
Financial assets		-----------Rupees-----------	
Floating rate instruments:			
Due from LSE Capital Limited	11.4	1,072,935	-
Musharaka finance - Modaraba Al Mali	11.2	-	50,000,000
Bank balances - savings accounts	13.1	1,176,199	1,464,725
		2,249,134	51,464,725
Financial liabilities			
Floating rate instruments:			
Due to LSE Financial Services Limited		2,644,027	-
Net assets		(394,893)	51,464,725

There were no fixed interest rate bearing financial instruments as at the reporting date.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation would have been (decreased) / increased by Rs. 3,949 (2023: Rs. 514,647). This analysis is prepared without taking in account taxation effect and applying +/- 1% discount factor on the outstanding balance of net assets with the assumption that the balance is outstanding throughout the year.

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The effective interest / profit rates as at June 30, 2024 and June 30, 2023 for the company's financial instruments are given in the relevant notes to these financial statements.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations on a specified future date. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed by the competent authorities of the sales and recovery departments with the approval of the BOD. The Company is exposed to credit risk from its operating activities primarily for local trade receivables, advances, deposits, other receivables, balances with banks and other financial assets. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		2024	2023
FINANCIAL ASSETS	Note	-----------Rupees-----------	
Long term deposits	7	**2,184,366**	2,184,366
Trade receivables	9	**12,956,652**	16,469,132
Short term investments	10	**270,766**	226,454
Advances, deposits and other receivables	11	**2,714,682**	56,811,644
Bank balances	13	**1,176,199**	1,714,475
		19,302,665	77,406,071

The credit quality of financial assets that are neither past due not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages. Banks and financial institutions have external credit ratings determined by various credit rating agencies as listed below:

Banks	Rating		Rating agency	**2024**	2023
	Short term	Long Term		-----------Rupees-----------	
MCB Bank Limited	A1+	AAA	PACRA	**1,121,517**	1,714,475
Habib Bank Limited	-	AA+	VIS	**54,682**	-
MCB Cash Management Optimizer	-	AA+(f)	PACRA	**270,766**	226,454
				1,446,966	1,940,929

Exposure to credit risk - Banks

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to long standing business relationships with these counterparties and considering their strong financial footing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

Trade receivables

Customer is counterparty to local trade receivables against the rendering of trusteeship, custodial, stock pledging and share registrar services. New customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each client based on internal rating criteria and reviewed regularly. Outstanding customer receivables are regularly monitored by the marketing and recovery department. Due to long standing relations with the counterparty and high creditworthiness of customers which are mostly corporate parties with high financial profile / track record and good credit history, the overall credit risk of the Company is at a acceptable low level.

The ageing analysis of trade receivables of the Company as at the reporting date is as under:

	2024	2023
	-----------Rupees-----------	
Neither past due nor impaired		
0 to 30 days	**9,127,657**	7,252,830
Past due but not impaired		
31 to 60 days	**1,129,150**	2,015,390
61 to 90 days	**1,848,371**	4,079,551
91 to 180 days	**488,784**	1,650,731
180 to 365 days	**362,690**	910,784
More than 365 days	-	559,846
Past due and impaired		
31 to 60 days	**129,777**	-
61 to 90 days	**699,948**	-
91 to 180 days	**542,357**	-
More than 180 days	**206,237**	-
	14,534,971	16,469,132

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Concentration of credit risks

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior and extensive analysis of customer credit risk. Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their creditworthiness, the management does not expect non-performance by these counter parties on their obligations to the Company. Furthermore, almost all the major balances have been recovered in full subsequent to the date of statement of financial position. Accordingly, the credit risk related to trade receivables is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. 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:

The Company manages liquidity risk by maintaining sufficient cash. At June 30, 2024, the Company had Rs. 1.338 million (June 30, 2023: Rs. 2.065 million) of cash and bank balances. Further, the Company also has strong financial support from its shareholder companies. Based on the above, management believes the liquidity risk to be low.

Contractual maturities of financial liabilities:

As at June 30, 2024	**Note**	**Within one year**	**Over 1 to 5 years**	**More than 5 years**
		---Rupees---		
Lease liability	15	4,170,119	1,785,700	-
Accrued and other liabilities	17	14,627,566	-	-
		18,797,685	1,785,700	-
As at June 30, 2023				
Lease liability	15	3,819,107	5,959,493	-
Accrued and other liabilities	17	24,388,293	-	-
		28,207,400	5,959,493	-

31.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences may arise between the carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements	**Level 1**			**Level 2**	**Level 3**	**Total**
			---Rupees---			
Financial asset as at June 30, 2024						
Fair value through profit or loss	270,766			-	-	270,766
Financial asset as at June 30, 2023						
Fair value through profit or loss	226,454			-	-	226,454

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Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Valuation techniques used to determine fair values

Valuation technique used to value financial instruments includes the use of quoted market prices.

Recognized fair value measurements - Non-Financial Assets

There was no non-financial asset as at June 30, 2024 (June 30, 2023: Nil) for the recognized fair value measurement.

31.3 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

31.4 Financial instruments by categories

	Note	Amortized cost	Investment at fair value through profit or loss	Total
As at June 30, 2024		---Rupees---		
Financial Assets as per statement of financial position				
Long term deposits	7	**2,184,366**	**-**	**2,184,366**
Trade receivables	9	**12,956,652**	**-**	**12,956,652**
Short term investments	10	**-**	**270,766**	**270,766**
Advances and other receivables	11	**2,714,682**	**-**	**2,714,682**
Cash and Bank balances	13	**1,337,508**	**-**	**1,337,508**
		19,193,208	**270,766**	**19,463,974**

	Note	Amortized cost	Investment at fair value through profit or loss	Total
Financial liabilities as per statement of financial position		---Rupees---		
Lease liability	15	**5,955,819**	**-**	**5,955,819**
Accrued and other liabilities	17	**14,627,566**	**-**	**14,627,566**
		20,583,385	**-**	**20,583,385**

	Note	Amortized cost	Investment at fair value through profit or loss	Total
As at June 30, 2023		---Rupees---		
Financial Assets as per statement of financial position				
Long term deposits	7	2,184,366	-	2,184,366
Trade receivables	9	16,469,132	-	16,469,132
Short term investments	10	-	226,454	226,454
Advances and other receivables	11	56,811,644	-	56,811,644
Cash and Bank balances	13	2,064,869	-	2,064,869
		77,530,011	226,454	77,756,465

	Note	Amortized cost	Investment at fair value through profit or loss	Total
		---Rupees---		
Lease liability	15	9,778,600	-	9,778,600
Accrued and other liabilities	17	24,388,293	-	24,388,293
		34,166,893	-	34,166,893

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32 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Capital		Liabilities		
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Total
	Rupees				
As at July 1, 2023	**522,667,768**	**-**	**-**	**9,778,600**	**532,446,368**
Changes from financing cash flows					
Repayment of lease finance	**-**	**-**	**-**	**(3,822,781)**	**(3,822,781)**
Total changes from financing cash flows	**-**	**-**	**-**	**(3,822,781)**	**(3,822,781)**
Other changes	**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2024	**522,667,768**	**-**	**-**	**5,955,819**	**528,623,587**

	Capital		Liabilities		
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Total
	Rupees				
As at July 1, 2022	111,100,000	48,900,000	362,667,768	12,983,818	535,651,586
Changes from financing cash flows					
Repayment of lease finance	-	-	-	(3,205,218)	(3,205,218)
Total changes from financing cash flows	-	-	-	(3,205,218)	(3,205,218)
Other changes					
Issuance of share capital	60,444,620	-	-	-	60,444,620
Share premium on issuance of shares	-	302,223,148	-	-	302,223,148
Issuance of bonus shares against share premium	351,123,148	(351,123,148)	-	-	-
Conversion of long term liability against intangibles into equity	-	-	(362,667,768)	-	(362,667,768)
	411,567,768	(48,900,000)	(362,667,768)	-	-
Balance as at June 30, 2023	522,667,768	-	-	9,778,600	532,446,368

33 CAPITAL RISK MANAGEMENT POLICIES AND PROCEDURES

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 ordinary shareholders. The Company's objectives when managing capital are;

a) to safeguard the entity's 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, while at the same time carrying risk exposure acceptable to them.

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 not calculated as the Company is not geared.

	Note	2024	2023
		Rupees	
Total Debts (long term and short term)	33.1	**5,955,819**	9,778,600
Less: Cash and cash equivalents		**(1,337,508)**	(2,064,869)
Net debt		**4,618,311**	7,713,731
Equity		**600,124,783**	522,533,817
Total capital employed		**604,743,095**	530,247,548
Gearing ratio		**0.76%**	1.45%

33.1 Total debts include lease liability

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34 OPERATING SEGMENTS

Management has determined the operating segments based on the information presented to the Chief Executive Officer of the Company for allocation of resources and assessment of performance. Reporting structure of the Company is based on this internal management reporting structure. The Company has two strategic divisions i.e. Strategic investments and technical support & advisory services, which are its reportable segments. These divisions have different operations and were managed separately because they require different strategies.

Reportable segments	Operations
Strategic Investments	Fair value gain (realized / unrealized), share of profit from associates, gain on bargain purchase, dividend income, return on loans and receivables
Technical support and advisory services	Trusteeship, custodial, stock pledging, share registrar and data development & support services

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before levy and tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same line of business.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2024		
	Strategic Investments	**Technical support and advisory services**	**Total**
	Rupees		
Segment income	**78,669,023**	**119,744,831**	**198,413,854**
Segment related Cost	**-**	**(12,505,232)**	**(12,505,232)**
Segment profit before levy and tax	**78,669,023**	**107,239,599**	**185,908,622**
Segment assets			
Investment in Associates	**216,651,319**	**-**	**216,651,319**
Intangible assets	**-**	**376,629,750**	**376,629,750**
Trade receivables	**-**	**12,956,652**	**12,956,652**
Short term investments	**270,766**	**-**	**270,766**
Musharaka finance	**-**	**-**	**-**
Segment liabilities			
Payable to SECP against annual fee	**-**	**5,937,857**	**5,937,857**

	2023		
	Strategic Investments	Technical support and advisory services	Total
	Rupees		
Segment income	6,776,567	98,143,332	104,919,899
Segment related Cost	-	(11,569,073)	(11,569,073)
Segment profit before levy and tax	6,776,567	86,574,259	93,350,826
Segment assets			
Investment in Associates	85,328,551	-	85,328,551
Intangible assets	-	362,032,157	362,032,157
Trade receivables	-	16,469,132	16,469,132
Short term investments	226,454	-	226,454
Musharaka finance	56,811,644	-	56,811,644
Segment liabilities			
Payable to SECP against annual fee	-	4,516,473	4,516,473

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34.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements

	Note	2024	2023
		---Rupees---	
Income			
Total income for reportable segments	34	**198,413,854**	104,919,899
Unallocated income		**794,732**	2,363,563
Combined income		**199,208,586**	107,283,462
Profit before levy and tax			
Segment results before levy and tax	34	**185,908,622**	93,350,826
Unallocated amounts:			
- other income	22	**794,732**	2,363,563
- administrative expense	20	**(86,143,042)**	(77,262,049)
- finance cost	23	**(2,419,764)**	(1,163,595)
Profit before levy and taxation		**98,140,548**	17,288,745
Assets			
Total assets for reportable segments		**606,508,487**	520,867,937
Other unallocated amounts		**24,137,225**	41,784,193
Combined total assets		**630,645,711**	562,652,131
Liabilities			
Total liabilities for reportable segments		**5,937,857**	4,516,473
Other unallocated amounts		**24,583,071**	35,601,841
Combined total liabilities		**30,520,928**	40,118,314

34.2 The sales percentage by geographic region is as follows:

	2024	2023
	%	%
Pakistan	**100.00**	100.00

34.3 There is no individual customer from whom more than 10% of total revenue is received.

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

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		2024	2023
35	**NUMBER OF EMPLOYEES**		
	The number of employees during the year were as follows:		
	At year end	**52**	60
	Average during the year	**45**	42

36 AUTHORIZATION FOR ISSUE

05 NOV 2024

These financial statements were approved and authorized for issue on ____________________ by the Board of Directors of the Company.

37 GENERAL

37.1 Figures of the corresponding period have been rearranged / regrouped where considered necessary to achieve better presentation and understanding. However, no material reclassification has been made during the year in the corresponding figures.

37.2 The company is not recognizing the provision for Workers' Welfare Fund (WWF) on the pretext that it does not fall under the definition of industrial establishment as defined in clause (d) of section 2 of the Workers' Welfare Fund Act, 2019 nor does it employ any worker as defined in clause (l) of section 2 of the Act and section 2 of the Punjab Industrial Relations Act, 2010. Accordingly, no provision for WWF has been incorporated in these financial statements being not applicable in the case of the company.

37.3 Figures in these financial statements have been rounded off to nearest Rupee unless otherwise stated.

Chief Executive Officer **Director**

DIGITAL CUSTODIAN COMPANY

LSE FINANCE

BALLOT PAPER FOR VOTING THROUGH POST

at the Extra-Ordinary General Meeting of LSE Financial Services Limited to be held on Saturday December 28, 2024, at 10:00 AM, at the Registered Office of the Company, in the Auditorium of LSE Plaza, 19-Kashmir Egerton Road, Lahore.

Contact Details of the Co-Chairmen, appointed by the honorable Lahore High Court, Lahore at which the duly filled in ballot paper may be sent:

Business Address:

The Co-Chairmen
C/o Company Secretary,
LSE Financial Services Limited
The Exchange Hub, LSE Plaza,
19-Kashmir Egerton Road, Lahore.

Designated email address: inamullah@lse.com.pk

Name of shareholder/joint Shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	

Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following agenda items/resolutions by placing tick (√) mark in the appropriate box below (delete as appropriate);

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1-	**AGENTA ITEM NO. 1:** **"RESOLVED THAT** the draft of the Scheme of Compromises, Arrangement and Reconstruction, as attached with this agenda item, by and between and for the following (in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017), be and is hereby approved, enabling the reconstitution/			

	reconstruction of the share capital and reserves and the transfer of the designated assets and liabilities, responsibilities and functions for the administration of the statutory funds of the following companies involved in the Scheme: • Digital Custodian Company Limited and its Members, and • LSE Financial Services Limited and its Members; and • LSE Financial Services Limited (and Its Members) and Digital Custodian Company Limited (and its members) **RESOLVED FURTHER THAT** the approval of the shareholders, be and is also hereby granted, to the terms and conditions as set out in the draft Scheme including the approvals and authorization given in Schedule-5 of the Scheme, and "**RESOLVED FURTHER THAT** the approval be and is hereby also accorded for the implementation of the Scheme, upon its sanction by the honorable Lahore High Court subject to any changes, modifications, additions and directions as ordered by the honorable Lahore High Court, and **RESOLVED FURTHER THAT** the Chief Executive or the Company Secretary of **LSE Financial Services/Digital Custodian Company Limited**, be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned Scheme of Arrangement to the competent authorities including but not limited to the honorable Lahore High Court, the Securities and Exchange Commission of Pakistan, the Competition Commission of Pakistan, etc., if required."			

Signature of shareholder(s)

Place:

Date:

NOTES:

1. Dully filled postal ballot should be sent in the name of the Chairman at the above mentioned postal or email address.
2. Postal ballot forms should reach the Chairman of the meeting on or before December 27^{th}, 2024. Any postal ballot received after this date, will not be considered for voting.
3. Copy of CNIC should be enclosed with the postal ballot form. The signature on the postal ballot should match with signature on the CNIC.
4. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

AUTHORIZATION FOR CORPORATE MEMBER

(ON THE LETTERHEAD OF THE COMPANY)

Date: ________________
The Secretary
LSE Financial Services Limited.
Lahore.

Sub: **Authorization to attend the EOGM of the Company on behalf of Body Corporate (Member) of the Company.**

Dear Sir,

Please be informed that Mr./Mrs./Ms._____________, S/o W/o D/o______________, holder of CNIC No.________________, has been duly authorized by the Board of Directors of our company vide resolution dated ___________ to participate and vote on resolutions included in the agenda of the notice of EOGM of LSE Financial Services Limited scheduled for **December 28, 2024** or at any date adjourned/rescheduled thereof. Resolution of the Board dated _____________ in original duly signed and stamped is attached herewith for reference and record.

Yours truly,

__________________ __________________

Authorized Signatory Seal of the Company

……

SPECIMEN RESOLUTION

(ON THE LETTERHEAD OF THE COMPANY)

The following resolution has been passed by the Board of Directors of (Name of the Company) in its meeting held on ____________, at ___________.

Resolved that Mr./Mrs./Ms._____________, S/o W/o D/o______________, be and is hereby authorized on behalf of the Company to participate and vote for resolutions included in the agenda of the notice of EOGM of___________________ scheduled for **December 28, 2024** or at any date adjourned/rescheduled thereof.
Certified True Copy.

__________________ __________________

Authorized Signatory Seal of the Company

PROXY FORM

I/We,____, the undersigned member, being a member of __________________________, hereby appoint____________________________________, the undersigned proxy, as my proxy to vote for me and on my behalf at the EOGM of the Company to be held on December 28, 2024 and/or at any adjournment thereof.

The Member:	The Proxy:
Signature:______________________ **Signature** over Revenue Stamp of **Rs. 50/-** _________________________ Seal/Stamp of the Company Name and Designation of the Appointer: ______________________________________ CNIC No.:____________________________ Father's name:_________________________ Address:______________________________ Date:_______________ CDC Participant ID No.:________________ CDC Account/Sub-Account No.: _________ No. of Shares held: ____________	Signature:_____________________________ Name:________________________________ CNIC No.:____________________________ Father's name:_________________________ Address:______________________________ _____________________________________ Date:_______________

Witness 1: ___________________________
Signature: ___________________________
Name: ___________________________
CNIC No:___________________________
Address: ___________________________

Witness 2: ___________________________
Signature: ___________________________
Name: ___________________________
CNIC No.:___________________________
Address: ___________________________

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holders must bring with them their Computerize National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form.

Printed Matter

BOOK POST

If undelivered, please return to

LSE Financial Services Limited/Digital Custodian Company Limited

The Exchange Hub, LSE Plaza, 19 Kashmir Egerton Road, Lahore - Pakistan