

DIGITAL CUSTODIAN COMPANY LIMITED

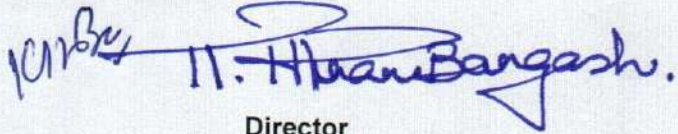
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

DIGITAL CUSTODIAN COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 -----Rupees-----	Restated 2022
ASSETS			
NON CURRENT ASSETS			
Property and equipment	8	21,689,925	23,887,481
Intangible assets	9	362,032,157	362,045,971
Long term deposits	10	2,184,366	2,080,400
Investment in associate	11	85,328,551	83,836,944
		471,234,999	471,850,796
CURRENT ASSETS			
Trade receivables	12	16,469,132	5,961,087
Short term investments	13	226,454	1,844,467
Deposits, prepayments and other receivables	14	57,929,701	1,697,403
Tax refunds due from the Government	15	14,726,976	3,303,730
Cash and bank balances	16	2,064,869	51,677,023
		91,417,132	64,483,710
TOTAL ASSETS		562,652,131	536,334,506
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up share capital			
Authorized share capital			
60,000,000 (2022: 50,000,000) Ordinary shares of Rs. 10 ea	17	600,000,000	500,000,000
Issued, subscribed and paid up share capital			
Share premium	17	522,667,768	111,100,000
Reserves		-	48,900,000
Accumulated loss		(133,951)	(7,071,504)
Shareholders' equity		522,533,817	152,928,496
NON CURRENT LIABILITIES			
Lease liability	18	5,959,493	8,842,243
Long term liability against intangible assets	19	-	332,741,116
Deferred taxation	20	5,951,421	3,439,701
		11,910,914	345,023,060
CURRENT LIABILITIES			
Current portion of non-current liabilities	21	3,819,107	34,068,227
Accrued and other liabilities	22	24,388,293	4,314,723
		28,207,400	38,382,950
CONTINGENCIES AND COMMITMENTS			
	23	-	-
TOTAL EQUITY AND LIABILITIES		562,652,131	536,334,506

The annexed notes from 1 to 38 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, 2023

	Note	2023 -----Rupees-----	Restated 2022
Operating income	24	98,143,332	53,523,603
Operating and administrative expenses	25	(88,831,123)	(61,640,199)
Operating profit / (loss)		<u>9,312,209</u>	<u>(8,116,596)</u>
Unrealized gain on re-measurement of investments classified at fair value through profit or loss	13	300,472	317,012
Post tax share of (loss) / profit from associate	11	(366,924)	1,161,764
Other income	26	9,206,582	4,561,139
Finance cost	27	(1,163,595)	(2,157,288)
Profit / (loss) before taxation		<u>17,288,744</u>	<u>(4,233,969)</u>
Provision for taxation	28	(11,930,942)	(8,385,319)
Profit / (loss) after taxation		<u>5,357,802</u>	<u>(12,619,288)</u>
Earnings / (loss) per share - basic and diluted	29	<u>0.11</u>	<u>(0.28)</u>

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

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Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	Restated 2022 Rupees
<u>Note</u>	-----Rupees-----	
Profit / (loss) after taxation	5,357,802	(12,619,288)
<u>Items that will not be reclassified to statement of profit or loss</u>		
Post tax share of other comprehensive income from associate	11 1,858,531	3,236,130
Deferred tax liability attributable to share of income from associate	(278,780)	(485,420)
Other comprehensive income	<u>1,579,751</u>	<u>2,750,710</u>
Total comprehensive income / (loss)	<u><u>6,937,553</u></u>	<u><u>(9,868,578)</u></u>

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

Kiran



Chief Executive Officer



Director

DIGITAL CUSTODIAN COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Premium on share issued	Reserves - Unappropriated profit	TOTAL
-----Rupees-----				
Balance as at June 30, 2021	50,000,000	-	52,797,074	102,797,074
Total comprehensive loss for the year - restated				
Loss for the year - restated	-	-	(12,619,288)	(12,619,288)
Other comprehensive income	-	-	2,750,710	2,750,710
	-	-	(9,868,578)	(9,868,578)
Transactions with the owners				
Share capital issued during the year	11,100,000	-	-	11,100,000
Premium on issuance of shares	-	48,900,000	-	48,900,000
Bonus shares issued during the year	50,000,000	-	(50,000,000)	-
Balance as at June 30, 2022 - restated	111,100,000	48,900,000	(7,071,504)	152,928,496
Balance as at June 30, 2022 - as previously reported	111,100,000	48,900,000	(14,623,292)	145,376,708
Effects for the correction of error (Note 6.1)	-	-	2,542,732	2,542,732
Effects for the correction of error (Note 6.2)	-	-	(1,415,865)	(1,415,865)
Effects for the change in accounting policy (Note 7)	-	-	6,424,921	6,424,921
Balance as at June 30, 2022 - restated	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

The annexed notes from 1 to 38 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, 2023

	2023	Restated 2022
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES	17,288,744	(4,233,969)
Profit / (loss) before taxation		
Adjustments for non cash charges and items	25 6,582,842	6,373,798
Depreciation of operating fixed assets	25 576,384	-
Loss on disposal of operating fixed assets	25 13,814	13,814
Amortization of intangible assets	25 1,976,662	-
Balance receivable written off	26 (31,375)	(4,046,113)
Dividend income	26 366,924	(1,161,764)
Share of loss / (profit) from associates	13 (300,472)	(317,012)
Fair value gain on investments through profit or loss	27 1,163,595	2,157,288
Finance cost	26 (6,811,644)	-
Profit on musharaka finance	26 (2,363,563)	(515,026)
Profit on saving bank accounts		
Operating profit / (loss) before working capital changes	18,461,911	(1,728,984)
(Increase) / decrease in current assets		
Trade receivables	(10,508,045)	(1,849,829)
Deposits, prepayments and other receivables	(58,208,960)	(26,220)
	(68,717,005)	(1,876,049)
(Decrease) / increase in current liabilities		
Accrued and other liabilities	20,073,570	669,415
Effect on cash flows due to working capital changes	(48,643,435)	(1,206,634)
Cash used in operating activities	(30,181,524)	(2,935,618)
Finance cost paid	(1,163,595)	(1,456,882)
Income tax paid	(21,121,249)	(5,504,666)
	(22,284,844)	(6,961,548)
Net cash used in operating activities	(52,466,368)	(9,897,166)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	8.1 (1,096,669)	(7,986,800)
Disbursement of advance against vehicles	8 (5,500,000)	-
Proceeds from disposal of operating fixed assets	8.3 1,635,000	-
Short term investments made during the year	(45,081,515)	(3,439,197)
Dividend income received	13 31,375	4,046,113
Proceeds on redemption of investments	13 47,000,000	89,000,000
Profit on musharaka finance	26 6,811,644	-
Profit on saving bank accounts received	26 2,363,563	515,026
Modaraba Al Mali right subscription	-	(79,439,050)
Increase in long term deposits	(103,966)	(873,400)
Net cash generated from investing activities	6,059,432	1,822,692
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	18 (3,205,218)	(2,671,963)
Share capital issued during the year	-	11,100,000
Premium on issuance of shares	-	48,900,000
Net cash (used in) / generated from financing activities	(3,205,218)	57,328,037
Net (decrease) / increase in cash and cash equivalents	(49,612,154)	49,253,563
Cash and cash equivalents at beginning of the Year	16 51,677,023	2,423,460
Cash and cash equivalents at end of the year	16 2,064,869	51,677,023

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

Chief Executive Officer

Director

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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.

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. During the year, the company has 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 Office # 08, 5th floor, LSE Plaza, Aiwan-e-Iqbal Road, Lahore, Punjab.

As previously stated, due to change in agreement between ISE Towers Reit Management Company Limited and Info Tech (Private) Limited (i.e. shareholders of the Company) and consequent change in composition of board of directors of the Company on May 13, 2022 (effective date), the ISE Towers Reit Management lost its control over the company. Accordingly, the ISE Towers Reit Management had derecognized its investment in the Company as subsidiary and reclassified it as associated company in accordance with the requirement of the International Financial Reporting Standards.

However, due to change in shareholding pattern and change in composition of board of directors of the company, ISE Towers Reit Management Company Limited has lost its influence over the company and accordingly its investment in the company previously classified as associated company is reclassified as ordinary investment. The said company is no more a related party of the company at the reporting date.

3 BASIS OF PREPARATION

3.1 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.

3.2 Accounting convention

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

- certain financial assets short term investments measured at FVPL;
- financial assets which are carried at value determined after the provision of impairment under expected credit loss approach;
- investment in associate carried at equity method of accounting;
- Financial liabilities at amortized cost are measured using the effective rate of interest after deducting the transaction costs;
- Deferred tax liabilities recognized at amounts in accordance with IAS 12; and
- Provisions are recognized at amounts reflecting the best estimate and contingencies are disclosed in accordance with IAS 37.

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

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3.3 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.

3.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances, the result of which forms the basis of making the 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:

- Useful lives, residual values and patterns of economic benefits - Property & equipment and intangible assets	Note 8.1 & 9
- Recoverable amount of non-financial assets and impairment	Note 5.3(C)
- Impairment of financial assets	Note 5.3(C)
- Allowance for expected credit losses	Note 5.4
- Taxation	Note 5.7
- Staff retirement benefits	Note 5.8
- Valuation of investments measured at FVPL	Note 5.3(a)(iii)
- Contingent liabilities	Note 5.9
- Provisions	Note 5.10
- Investment in associate	Note 5.11

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

The Company reviews the useful life and residual value of property and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. 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 and equipment, with corresponding effects on the depreciation / amortization charge and impairment, if any.

3.4.2 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.

3.4.3 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.

3.4.4 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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3.4.5 Taxation

Instances where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law, the amounts are shown as contingent liabilities.

3.4.6 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.

3.4.7 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.

3.4.8 Contingent liabilities

The Company has disclosed significant contingent liabilities for the pending litigations and claims against it 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.

3.4.9 Provision

The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting date. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

4 NEW STANDARDS / AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

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Standard or Interpretation**Effective from accounting period beginning on or after:**

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to 'IAS 7 Statement of Cash Flows'	January 01, 2023
Amendments to 'IFRS 4 Insurance Contracts' - expiry date of the deferral approach.	January 01, 2023
Amendments to 'IFRS 16 Leases'	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

4.3 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, 2023;

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, except as disclosed in Note 7 to these financial statements.

5.1 Property and equipment

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 repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged for the month in which the assets are disposed off. Depreciation is charged to statement of profit or loss by applying the straight line method at the rates as disclosed in Note 6 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.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the period the asset is de-recognized.

5.2 Intangible assets

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.

Intangible asset with finite lives is amortized on straight-line basis over its useful economic life at the rates specified in Note 9 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. 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.

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.

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.

10/1/20

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 blockchain-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.

Change in accounting policy

During the year, the company has undergone an independent evaluation from technical firm, possessing the requisite technical expertise and experience in the field of development of business applications, who assessed the useful life of the company's Block Chain Software as indefinite based on its robust and state of the art architecture and the feature of instant upgradation inherent in the Block Chain Software with response to technological advancements. As a result, Block Chain Software is assessed as having an indefinite useful life and accordingly it is not amortized but assessed for annual impairments. The management takes the view that Block Chain Software with indefinite life provides more relevant and practical information rather than finite life because it reflects the true aspects of the software as regards to robust function, adaptive to technological advancements and inbuilt upgradation mechanism.

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

5.3 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 and 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. The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss in the context of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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.

14/03

ii- Financial assets at fair value through other comprehensive income

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.

iii- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories.

Financial assets which are not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss.

Gains and losses arising on financial assets at amortized cost and financial assets at fair value through profit or loss are recognized in the statement of profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognized in the statement of profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognized in other comprehensive income and are reclassified to statement of profit or loss on derecognition or reclassification.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through profit or loss and other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

In applying this forward-looking approach, a distinction is made between:

Step 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

Step 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;

Step 3: financial assets that have objective evidence of impairment at the reporting date;

b) Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

c) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

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An impairment loss in respect of a financial asset measured at amortized cost and at fair value through profit or loss and other comprehensive income is calculated on basis of "expected credit losses" model.

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.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of profit or loss.

d) De-recognition

i. Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

ii. Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

e) 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.

5.4 Trade debts and other receivables

Trade debts and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach for measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

5.5 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.

10/12

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.

5.6 Accrued and other liabilities

Accrued and other liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities. These are stated at cost, which is fair value of consideration to be paid in future for goods and services received whether or not billed to the company.

5.7 Taxation

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

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates, if any. The charge for the current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the period. The charge for the current year also includes adjustments for prior periods, if any.

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 base. 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 financial position 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.

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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. 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.

5.8 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.

5.9 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 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.

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 financial position 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.

5.10 Provisions

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

5.11 Investments in equity instruments of associated companies

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.

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5.12 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 included in current liabilities, if any.

5.13 Revenue recognition

Revenue and income from different sources is recognized as under:

- Revenue from trusteeship and custodian business is recognized when the Company satisfies a performance obligation by rendering promised services as per respective agreements.
- 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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'.

5.18 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.

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6 **CORRECTION OF ERRORS**

6.1 During the year an error was identified in the pattern of consumption of economic benefits embodied in the right of use asset (leased premises) over its original lease term without taking into consideration of renewal option. However, the right of use asset and related lease liability were calculated after considering the renewal option and the liability is being serviced over the lease term with renewal option. In order to align the depreciation of right of use asset with the corresponding payments of related liability, the company is now depreciating its asset over the lease term with renewal option. Since, this error relates to prior period and has accordingly been incorporated with retrospective effect in accordance with the requirements of IAS-8 "Accounting policies, Changes in Accounting Estimates and errors". The effect of restatement is as follows:

	2022
	Rupees
Impact on the statement of financial position	
Increase in property and equipment	3,581,313
Increase in deferred tax liability	(1,038,581)
Increase in reserves	(2,542,732)
Impact on the statement of profit or loss	
Decrease in loss before taxation	3,581,313
Increase in tax expense	(1,038,581)
Decrease in loss after taxation	2,542,732
Impact on the statement of changes in equity	
Increase in reserves	2,542,732
Increase in shareholders' equity	2,542,732

6.2 During the year, the associate has restated its audited financial statements for the year ended June 30, 2022 that has also impacted the company's previously recognized share of profit and other comprehensive income of the associate for the same period. In addition to this, the company also didn't inadvertently recognize deferred tax attributed to share of profit and other comprehensive income from associate and unrealized gain on re-measurements of short term investments for the year ended June 30, 2022. Since, these errors relate to prior period and have accordingly been incorporated with retrospective effect in accordance with the requirements of IAS-8 "Accounting policies, Changes in Accounting Estimates and errors". The effect of restatement is as follows:

	2022
	Rupees
Impact on the statement of financial position	
Decrease in investment in associate	(708,629)
Increase in deferred tax liability	(707,236)
Decrease in reserves	(1,415,865)
Impact on the statement of profit or loss	
Decrease in loss before taxation	486,619
Increase in tax expense	(221,816)
Decrease in loss after taxation	264,802
Impact on the statement of comprehensive loss	
Decrease in comprehensive income	(1,195,248)
Increase in deferred tax liability	(485,419)
Increase in total comprehensive loss	(1,680,667)
Impact on the statement of changes in equity	
Decrease in reserves	(1,415,865)
Decrease in shareholders' equity	(1,415,865)

10/1/22

The correction of above stated errors has also impacted earnings / (loss) per share of the Company for the year ended June 30, 2022. The impact is as follows:

	<u>Rupees</u>
Loss per share as previously reported	(1.97)
Effects for the correction of errors	0.28
Impact for the adjustment of weighted average number of right shares issued during last year **	(0.19)
Loss per share as restated	<u>(1.89)</u>

**In the comparative period, the earnings per share was wrongly computed without taking the impact of weighted average number of right shares outstanding during the last year instead right shares were considered as outstanding for the full year in the computation of earnings per share.

Since the error relates to the comparative period only and has no impact on the beginning of the earliest period presented i.e. July 01, 2021, therefore, the statement of financial position for that period in accordance with para 40(a) of IAS 1, "Presentation of financial statements" has not been shown being not applicable in the instant case.

7 **CHANGE IN ACCOUNTING POLICY**

During the year, the company has change its accounting policy for the assessment of useful life of its Block Chain Software from finite life to indefinite life owing to the facts as disclosed in Note 5.2 above based on the technical evaluation of its software by an independent firm. This change has been accounted for as change in accounting policy and applied retrospectively as per the requirements of "International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors" since it has an impact on prior periods as well as future periods. The effect of restatement due to change in accounting policy is as follows:

	<u>2022</u> <u>Rupees</u>
Impact on the statement of financial position	
Increase in intangible assets	9,049,184
Increase in deferred tax liability	(2,624,263)
Decrease in accumulated loss	6,424,921
Impact on the statement of profit or loss	
Decrease in loss before taxation	9,049,184
Increase in tax expense	(2,624,263)
Decrease in loss after taxation	6,424,921
Impact on the statement of changes in equity	
Increase in reserves	6,424,921
Increase in shareholders' equity	6,424,921

The change in accounting policy has also impacted earnings / (loss) per share of the Company for the year ended June 30, 2022. The impact is as follows:

	<u>Rupees</u>
Loss per share as previously reported	(1.97)
Effects for the change in accounting policy	0.64
Loss per share as restated	<u>(1.33)</u>

The restated loss per share for the year ended June 30, 2022 due to the effects of correction of errors and change in accounting policy is as follows:

Loss per share - restated	<u>(1.25)</u>
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Since the effects of change in accounting policy relates to the comparative period only and has no impact on the beginning of the earliest period presented i.e. July 01, 2021, therefore, the statement of financial position for that period in accordance with para 40(a) of IAS 1, "Presentation of financial statements" has not been shown being not applicable in the instant case.

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8 PROPERTY AND EQUIPMENT

Operating fixed assets - tangible
Advance against vehicles

	Note	2023	2022
		Rupees	
	8.1	16,189,925	23,887,481
		5,500,000	-
		21,689,925	23,887,481

8.1 Operating fixed assets - tangible Cost	Rupees					
	Computers	Furniture and fixtures	Office equipment	Vehicles	Right of Use Asset	Total
Balance as at July 01, 2021	4,772,962	4,823,948	4,155,023	2,810,000	-	16,561,933
Additions during the year	2,017,454	3,527,902	3,441,444	-	15,655,781	24,642,581
Balance as at June 30, 2022	6,790,416	8,351,850	7,596,467	2,810,000	15,655,781	41,204,514
Balance as at July 1, 2022	6,790,416	8,351,850	7,596,467	2,810,000	15,655,781	41,204,514
Additions during the year	1,080,669	-	16,000	-	-	1,096,669
Disposals during the year	(547,866)	(2,405,764)	(775,300)	(2,810,000)	-	(6,538,930)
Balance as at June 30, 2023	7,323,219	5,946,086	6,837,167	-	15,655,781	35,762,253
Accumulated depreciation						
Balance as at July 01, 2021	2,165,761	2,714,804	3,252,670	2,810,000	-	10,943,235
Charge for the year	1,100,563	934,557	757,345	-	7,162,626	9,955,111
Balance as at June 30, 2022 - previously reported	3,266,344	3,649,361	4,010,015	2,810,000	7,162,626	20,898,346
Effects for the correction of error (Note 6)	-	-	-	-	(3,581,313)	(3,581,313)
Balance as at June 30, 2022 - restated	3,266,344	3,649,361	4,010,015	2,810,000	3,581,313	17,317,033
Balance as at July 1, 2022 - restated	3,266,344	3,649,361	4,010,015	2,810,000	3,581,313	17,317,033
Charge for the year	1,370,930	871,902	758,697	-	3,581,313	6,582,842
Adjustment for disposals	(547,866)	(754,915)	(214,766)	(2,810,000)	-	(4,327,547)
Balance as at June 30, 2023	4,089,408	3,766,348	4,553,946	-	7,162,626	19,572,328
Carrying amount as at June 30, 2022 - restated	3,524,072	4,702,489	3,586,452	-	12,074,468	23,887,481
Carrying amount as at June 30, 2023	3,233,811	2,179,738	2,283,221	-	8,493,155	16,189,925
Depreciation rate per annum (%)	25%	10%-20%	20%-33.33%	20%	16.67% - 25%	

8.2 The depreciation charge for the year has been allocated to operating and administrative charges (Refer Note 25).

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

Particulars of operating fixed assets	Cost	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Purchaser and its relationship with company
	Rupees					
Vehicles	2,810,000	-	1,600,000	1,600,000	Negotiation	Mr. Hammad Farooq, third party
Computers	547,866	-	33,567	33,567	Scrap	Scrap dealer
Office equipment	775,300	560,534	-	(560,534)	Scrap	Scrap dealer
Furniture and fixtures	2,405,764	1,650,850	1,433	(1,849,417)	Scrap	Scrap dealer
June 30, 2023	6,538,930	2,211,384	1,635,000	(576,384)		
June 30, 2022						

PJBSW

		2023				
Note	Block Chain Software		Accounting software	Operational software	Total	
-----Rupees-----						
As at July 1, 2022						
	Cost	9.1	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	25	-	(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%	
		-----Rupees-----				
		2022				
	Block Chain Software		Accounting software	Operational software	Total	
-----Rupees-----						
	As at July 1, 2021		-	143,136	40,000	183,136
	Cost		-	143,136	40,000	183,136
	Accumulated amortization		-	(77,714)	(12,999)	(90,713)
	Net book value		-	65,422	27,001	92,423
	As at June 30, 2022		-	65,422	27,001	92,423
	Opening net book value		-	65,422	27,001	92,423
	Additions - at cost		361,967,362	-	-	361,967,362
	Charge for the year	25	-	(9,814)	(4,000)	(13,814)
	Closing net book value		361,967,362	55,608	23,001	362,045,971
	As at June 30, 2022		-	65,422	27,001	92,423
	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
	Amortization rate per annum		-	10%	10%	

- 9.1 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.

As disclosed in Notes 5.2 and 7 to these financial statements, the management of the company has changed its accounting policy regarding the assessment of useful life of Block Chain software from finite to indefinite life due to the fact as mentioned in the said notes.

- 9.2 The amortization is allocated to operating and administrative expenses (Refer Note 25).

- 9.3 The Block Chain software is considered as a single cash generating unit. The company performed its annual impairment test in June 30, 2023 and 2022. The recoverable amount of the asset of Rs. 1,110.643 million as at June 30, 2023 and Rs. 509 million as at June 30, 2022 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 26.59% and cash flows beyond the five-year period are extrapolated using a 4% growth rate that is the same as the long-term average growth rate 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 a result of this analysis, the management has not recognized any impairment charge.

14/10/23

Key assumptions used in discounted cashflows calculations

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

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

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 cashflows beyond the five-year forecast period are based on GOP rates published in "Economic Survey of Pakistan 2022 to 2023"

10 LONG TERM DEPOSITS

	Note	2023	2022
		-----Rupees-----	
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		280,000	195,000
Topline securities		18,966	-
		<u>2,184,366</u>	<u>2,080,400</u>

11 INVESTMENT IN ASSOCIATE

Restated

Associated undertaking

Modaraba Al Mali Strategic Holding	11.1	<u>85,328,551</u>	<u>83,836,944</u>
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11.1 Modaraba Al Mali Strategic Holding

Balance as at July 01,		83,836,944	-
Investment acquired during the year - cost		-	79,439,050
Post tax share of (loss) / profit for the year		(366,924)	1,161,764
Post tax share of other comprehensive income for the year		1,858,531	3,236,130
		<u>1,491,607</u>	<u>4,397,894</u>
		<u>85,328,551</u>	<u>83,836,944</u>
Number of certificates of Rs. 10 each		<u>7,943,905</u>	<u>7,943,905</u>
Investment as percentage of the total paid-up capital of the Modaraba certificates		<u>10.00%</u>	<u>10.00%</u>

This represents the value of the Modaraba certificates held by the Company, which is calculated under the equity method as the Company holds 10% stake in the Modaraba. The carrying value has been determined on the basis of the total value of the Modaraba as per its audited financial statements for the year ended June 30, 2023, without taking into consideration the market value of the same.

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

Since, the LSE Capital Limited, a management company of the Modaraba is also holding 35% of the share capital of the company, therefore, the companies are associated of each other as per the requirements of International Financial Reporting Standards. The company is 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 audited financial statements for the respective years. The figures in these financial statements of the associate for the year ended June 30, 2022 were restated.

ICIB

Note	2023	2022
	-----Rupees-----	
Current assets		Restated
Non-current assets	203,832,784	402,013,255
Current liabilities	1,264,130,055	932,123,665
Non-current liabilities	(304,011,708)	(171,483,971)
	(48,719,568)	(75,393,512)
Income	11,671,876	44,053,261
Post tax profit from continuing operations	9,429,620	11,184,831
Post-tax (loss) / profit from discontinued operation	(13,098,160)	54,877,910
(Loss) / profit for the year	(3,668,540)	66,062,741
Other comprehensive income for the year	18,581,776	184,019,888
Total comprehensive income for the year	14,913,236	250,082,629

Reconciliation of the above summarized financial information to the carrying amount of the interest in the Modaraba Al Mali recognized in the financial statements:

		Restated
Net assets of the associate	1,115,231,563	1,087,259,437
Proportion of the Group's ownership	10%	10%
Interest of company in net assets of associate	111,544,366	108,746,622
Other adjustments (including prior years)	(5,600,690)	(4,294,552)
Apportionment of share of profit of associate - prior years	(20,615,126)	(20,615,126)
Carrying amount of the Company's interest in associate	85,328,551	83,836,944

12 TRADE DEBTS - CONSIDERED GOOD AND UNSECURED

It represents amount 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. The ageing analysis of these trade debts is as follows:

Upto 1 month	7,252,830	4,202,374
1 to 6 months	8,656,456	1,322,314
6 months to 1 year	559,846	436,399
	<u>16,469,132</u>	<u>5,961,087</u>

12.1 These include balance receivable from the following related parties:

Associated companies

LSE PropTech Limited	25,000	-
LSE Ventures Limited	25,000	-
LSE Capital Limited	326,583	-
Ensmile Limited	460,000	-
	<u>836,583</u>	<u>-</u>

12.2 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.

13 SHORT TERM INVESTMENTS - measured at

Fair value through profit or loss

MCB Cash Management Optimizer Fund

Balance as at July 01,	1,844,467	87,088,258
Investment made during the year	45,054,846	-
Redemption during the year	(47,000,000)	(89,000,000)
Unrealized gain on re-measurement of investment at fair value	300,472	317,012
Dividend reinvested during the year, net of tax	26,669	3,439,197
Balance as at June 30,	226,454	1,844,467
Number of units	2,232	18,208

14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Musharaka finance to related party - associated concern

Modaraba Al Mali - unsecured and considered good

Accrued income - Musharaka finance

Other receivables - unsecured and considered good

Prepayments

14.1	50,000,000	-
14.2	6,811,644	-
	-	922,790
	1,118,057	774,613
	<u>57,929,701</u>	<u>1,697,403</u>

ICR/2022

- 14.1 This represents musharaka finance facility extended to the above named listed Modaraba in the sum of Rs. 50 million (2022: Nil) for a tenor of 276 days to meet its working capital requirements. It is unsecured and carries profit rate @ 6 months Kibor + 2% per annum. This facility along with profit will be recovered in full on maturity. As per the mutually agreed terms between the parties, no profit after the tenor of 276 days will be charged by the company on the outstanding balance of musharaka finance due from the associated concern.
- 14.2 This represents profit receivable from Modaraba Al Mali, an associated concern, on the musharaka finance facility extended to the said party as disclosed in Note 14.1 above.

	Note	2023 -----Rupees-----	2022
15 TAX REFUNDS DUE FROM THE GOVERNMENT			
Advance income tax			
Balance as at July 01,		3,303,730	3,045,379
Tax deducted at source	15.1	21,121,248	5,504,666
Provision for taxation		(9,698,002)	(5,246,315)
Balance as at June 30,		<u>14,726,976</u>	<u>3,303,730</u>

- 15.1 This includes Rs. 13.126 million as tax deducted at source in the name of the company in the capacity of trustee for holding securities of Ghani Chemical Industries on behalf of Modaraba Al Mali for trading purposes. This amount is payable to the Modaraba Al Mali at the reporting date. (Refer Note 22.2).

16 CASH AND BANK BALANCES

Cash in hand		350,394	56,710
Cash at bank in:			
Current account		249,750	226,486
Saving accounts	16.1	1,464,725	51,393,827
		<u>1,714,475</u>	<u>51,620,313</u>
		<u>2,064,869</u>	<u>51,677,023</u>

- 16.1 These saving bank accounts carry profit rates ranging from 12.24% to 19.45% (2022: 9% to 12%) per annum.

17 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

17.1 Authorized share capital

2023 Number of shares	2022 Number of shares		2023 ----- Rupees -----	2022
<u>60,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>600,000,000</u>	<u>500,000,000</u>

During the year, the members of the company in their Extraordinary general meeting held on November 11, 2022 had passed a special resolution for the increase in authorized capital of the company from Rs. 500 million to Rs. 600 million.

17.2 Issued, subscribed and paid up capital

Number of shares		----- Rupees -----
<u>52,266,777</u>	<u>11,110,000</u>	Ordinary shares of Rs. 10 each, fully paid in cash
		<u>522,667,768</u> <u>111,100,000</u>

During the year, the Board of Directors of the company in their meeting held on August 01, 2022 had decided and approved the issuance of 54.41% right shares representing 544 right shares of Rs. 10 each for every 1,000 ordinary shares held at a premium of Rs. 50 per share amounting to Rs. 362.668 million in aggregate. In pursuance of the issuance of right shares against right offer to the existing shareholders as per the terms of section 83 of the Companies Act, 2017, the Directors of the company in their meeting held on November 13, 2022 had decided to offer the entire unsubscribed amount in favour of four major shareholders against the conversion of long term liability of corresponding amount owed by the company to Messrs. LSE Capital Limited against the purchase of intangible assets after the seeking prior consent and approval of the management of the said associated company. The right shares issued in favour of the following major shareholders in the ratio as decided by the Board of Directors of the associated company in their meeting held on November 12, 2022 against consideration other than cash are as under:

Name of shareholders	%age of shares issued	2023 -----Number-----	2022
InfoTech (Private) Limited	45.90%	2,774,686	-
LSE Capital Limited (Formerly Assetplex Limited)	35.10%	2,121,818	-
ISE Towers REIT Management Company Limited	9.00%	544,056	-
LSE Ventures Limited (Formerly LSE Financial)	9.99%	603,903	-
		<u>6,044,463</u>	<u>-</u>

10/1/2023

In addition to this, the Board of Directors in their meeting held on January 23, 2023 had decided and approved the issuance of bonus shares in the ratio of 205:100 representing 205 bonus shares of Rs. 10 each for every 100 ordinary shares held that amounted to Rs. 351.123 million. The bonus shares have been issued against the share premium.

		2023	2022
		----- Number -----	
17.3 The shareholding structure of the Company is as under:			
<u>Name of shareholders</u>	<u>%age of shareholding</u>		
InfoTech (Private) Limited	40.90%	21,378,842	5,099,990
LSE Capital Limited (Formerly AssetPlex Limited)	35.10%	18,347,472	3,900,000
LSE Ventures Limited (Formerly LSE Financial Services Limited)	9.99%	5,221,973	1,110,000
ISE Towers REIT Management Company Limited	9.00%	4,704,480	1,000,000
Others	5.00%	2,614,010	10
	100%	52,266,777	11,110,000
17.4 Reconciliation of number of shares outstanding			
Ordinary Shares			
Number of shares outstanding at beginning of the year		11,110,000	5,000,000
Ordinary shares issued as right shares		6,044,463	1,110,000
Ordinary shares issued as bonus shares		35,112,314	5,000,000
		52,266,777	11,110,000
Number of shares outstanding at end of the year		52,266,777	11,110,000
17.5 The shareholders are entitled to cast vote proportionate of the paid up value of shares carrying voting rights and have implied rights to appoint any person on the board of the company. All shares rank equally with regard to the Company's residual assets.			
		2023	2022
		----- Rupees -----	
18 LEASE LIABILITY			
Balance as at July 01,		12,983,818	-
Add: Right of use asset acquired during the year		-	15,655,781
Less: Payments made during the year		(3,205,218)	(2,671,963)
Balance as at June 30,		9,778,600	12,983,818
Less: current portion shown under current liabilities	21	(3,819,107)	(4,141,575)
		5,959,493	8,842,243
18.1 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% (2022: 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 10 of these financial statements.			
18.2 Maturity analysis - contractual undiscounted cashflows			
Less than one year		4,632,032	4,372,487
One to five years		6,526,175	11,158,207
		11,158,207	15,530,694
19 LONG TERM LIABILITY AGAINST INTANGIBLE ASSETS			
LSE Capital Limited - an associated company			
Balance as at July 01,		362,667,768	-
Add: Intangible assets acquired during the year		-	361,967,362
Add: Unwinding of discount on liability		-	700,406
Less: Conversion of liability into equity		(362,667,768)	-
Balance as at June 30,		-	362,667,768
Less: current portion shown under current liabilities	21	-	(29,926,652)
		-	332,741,116
Discount rate per annum		-	17.64%

Handwritten signature

19.1 During the year, the Board of Directors of LSE Capital Limited had decided and approved the conversion of their loan payable by the company in the sum of Rs. 362.668 million into equity of the company and passed a resolution in their meeting held on November 12, 2022 to this effect. As per the resolution passed by the directors of the associated company, the balance payable by the company to the above named associated company is to be converted into equity of the company through the issuance of shares there-against to four major shareholders as disclosed in Note 17.2 to these financial statements.

Note	2023	2022
	-----Rupees-----	
19.2 Long term liability	362,667,768	362,667,768
Less: Issuance of share capital	(60,444,620)	-
Less: Premium on issuance of shares	(302,223,148)	-
	<u>-</u>	<u>362,667,768</u>

19.3 The entire amount of liability is converted into share capital and share premium of the company through the issuance of shares to the following major shareholders of the company in the ratio as decided in the meeting of Board of Directors of the company held on November 12, 2022. The particulars of the shareholders and amount of loan converted into equity allocated to them as per their respective shareholding in the company are as follows:

Name of shareholders

InfoTech (Private) Limited	166,481,182	-
LSE Capital Limited (Formerly Assetplex Limited)	127,309,097	-
ISE Towers REIT Management Company Limited	32,643,364	-
LSE Ventures Limited (Formerly LSE Financial Services)	36,234,125	-
	<u>362,667,768</u>	<u>-</u>

20 DEFERRED TAXATION

Deferred tax liability in respect of taxable temporary differences

		Restated
Depreciation on property and equipment	-	373,916
Depreciation on Right of use asset	2,463,015	3,501,596
Amortization of intangible assets	6,296,229	2,622,260
Share of profit and other comprehensive income in associate	883,425	659,684
Unrealized gain on re-measurement of short term investments	45,071	47,552
	<u>9,687,740</u>	<u>7,205,008</u>

Deferred tax asset in respect of deductible temporary differences

Depreciation on property and equipment	(900,525)	-
Lease liability	(2,835,794)	(3,765,307)
	<u>(3,736,319)</u>	<u>(3,765,307)</u>

Deferred tax liability as at June 30,

Less: Balance as at July 01,	5,951,421	3,439,701
Less: Deferred tax attributable to comprehensive income	3,439,701	(184,723)
	<u>278,780</u>	<u>485,420</u>

Deferred tax expense charged in the statement of profit or loss

28	<u>2,232,940</u>	<u>3,139,004</u>
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20.1 The reconciliation in this head of account is as follows:

	Balance as at July 01, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2022 (Restated)	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023
-----Rupees-----							
Depreciation on property and equipment	(184,070)	557,986	-	373,916	(1,274,441)	-	(800,525)
Depreciation on Right of use asset	-	3,501,596	-	3,501,596	(1,038,581)	-	2,463,015
Amortization of intangible assets	(653)	2,622,913	-	2,622,260	3,673,969	-	6,296,229
Share of profit and other comprehensive income in associate	-	174,264	485,420	659,684	(55,039)	278,780	883,425
Unrealized gain on re-measurement of short term investments	-	47,552	-	47,552	(2,481)	-	45,071
Lease liability	-	(3,765,307)	-	(3,765,307)	929,513	-	(2,835,794)
	<u>(184,723)</u>	<u>3,139,004</u>	<u>485,420</u>	<u>3,439,701</u>	<u>2,232,940</u>	<u>278,780</u>	<u>5,951,421</u>

20.2 Deferred tax assets on account of unused tax losses amounting to Rs. 9.847 million (2022: Rs. 11.809 million) have not been recognized in these financial statements as the timing of generation of taxable profits in the foreseeable future is not certain.

10/11/23

	Note	2023 -----Rupees-----	2022
21 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Lease liability		3,819,107	4,141,575
Long term liability against intangible assets		-	29,926,652
		<u>3,819,107</u>	<u>34,068,227</u>
22 ACCURED AND OTHER LIABILITIES			
Accrued liabilities	22.1	6,745,892	1,763,255
Payable to SECP against annual fee		4,516,473	2,551,468
Due to related party - associated undertaking Modaraba Al Mali	22.2	13,125,928	-
		<u>24,388,293</u>	<u>4,314,723</u>

22.1 These include contribution to staff provident fund amounting to Rs. 429,879 (2022: Rs.) 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.

22.2 This represents amounts payable to the above named 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 is unsecured, interest free and payable in due course of time.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

There were no known material contingencies of the company as at the reporting date (2022: Nil).

23.2 Commitments

There were no capital and other commitments of the company as at the reporting date (2022: Nil).

	Note	2023 -----Rupees-----	2022
24 OPERATING INCOME			
Trusteeship business	24.1	79,830,642	42,888,365
Custodial business	24.2	11,368,785	9,973,388
Share registrar income	24.3	2,916,471	261,850
Debt securities trustee income	24.4	4,027,434	400,000
		<u>98,143,332</u>	<u>53,523,603</u>

24.1 Sindh sales tax on revenue charged during the year amounted to Rs. 7.383 million (2022: Rs. 6.687 million).

24.2 During the year, the Company provided trusteeship services to 34 mutual funds (2022: 34). The remuneration has been received from these funds at different rates in accordance with respective agreements duly executed with parties.

24.3 During the year, the Company provided custodial services to 80 (2022: 56) clients. Custodial fee has been charged as per the agreements entered into with such clients.

24.4 During the year, the Company provided share registrar services to 23 (2022: 4) clients. Fee has been charged as per agreements with such clients.

24.5 During the year, the Company provided debt securities trustee services to 4 (2022: 1) clients. Fee has been charged as per agreements with such clients.

	Note	2023 -----Rupees-----	Restated 2022
25 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	25.1	54,494,861	39,190,366
Directors' meeting fee	25.2	1,000,000	90,000
Auditors' remuneration	25.3	1,100,000	1,100,000
Advertisement and marketing expense		3,958,745	-
Computer and technical support expenses		2,664,938	1,914,851
Custody charges		315,553	104,149
Utilities		1,881,621	1,564,523
Entertainment		1,429,836	1,274,538
Insurance		308,780	277,771
Travelling and conveyance		1,004,367	1,464,361
Postage, photocopy and telegram		171,942	111,836
Rent, rates and taxes		-	185,368
Repairs and maintenance		715,562	1,123,134
Stationary, stamps and notary public expenses		854,680	322,656
Legal and professional charges & other fees	25.4	9,413,024	5,826,316
Miscellaneous expenses		367,512	702,718
Loss on disposal of operating fixed assets	8.3	576,384	-
Balance receivable written off		1,976,662	-
Depreciation of operating fixed assets	8.1	6,582,842	6,373,798
Amortization of intangible assets	9	13,814	13,814
		<u>88,831,123</u>	<u>61,640,199</u>

10/10/22

25.1 This includes an amount of Rs. 1,494,005 (2022: Rs. 1,052,906) in respect of contribution towards staff provident fund, related party.

25.2 Meeting fee is being 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.

	Note	-----Rupees-----	
25.3 Auditors' remuneration		1,000,000	1,000,000
Audit fee		100,000	100,000
Out of pocket expenses		<u>1,100,000</u>	<u>1,100,000</u>

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

Fees and subscription	866,822	730,136
Statutory fees to SECP	4,629,837	2,635,106
Legal and professional charges	3,916,365	2,461,074
	<u>9,413,024</u>	<u>5,826,316</u>

26 OTHER INCOME

Income from financial assets

Dividend income	31,375	4,046,113
Profit on savings bank accounts	2,363,563	515,026
Profit on musharaka finance		
Modaraba Al Mali - associated undertaking	6,811,644	-
	<u>9,206,582</u>	<u>4,561,139</u>

27 FINANCE COST

Markup on:

Liability against intangible assets	-	700,406
Lease liability against right of use asset	1,163,595	1,456,882
	<u>1,163,595</u>	<u>2,157,288</u>

27.1 During the year, an amount for the full amount of liability against intangible assets appearing as at July 01, 2022 has been converted into equity of the company as approved by the directors of the company and associated company. Accordingly, no markup expense on the outstanding balance of liability has been charged in these financial statements being not applicable in the instant case.

28 PROVISION FOR TAXATION

Current year - final tax regime

		Restated
Tax on services	7,010,823	4,382,396
Tax on dividend	4,706	606,916
Capital gain tax	21,663	107,645
	<u>7,037,192</u>	<u>5,096,957</u>

Current year - normal tax regime

	2,660,810	149,358
	9,698,002	5,246,315
	2,232,940	3,139,004
	<u>11,930,942</u>	<u>8,385,319</u>

20

28.1 The company has carried forward taxable loss for the year amounting to Rs. 33.955 million (2022: Rs. 40.720 million), therefore, no provision for taxation under normal tax regime is applicable. Further, alternative corporate tax is also not applicable in the instant case. However, the company has accounted for provision for taxation under final tax regime as applicable to the company for income derived from services as per the provisions of Income Tax Ordinance, 2001. In addition to this, the income derived from listed securities and other sources is charged to tax at the applicable tax rates.

28.2 As the company has recognized provision for taxation under final tax regime during the year therefore, reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not applicable in the instant case.

29 EARNINGS PER SHARE - BASIC AND DILUTED

		Restated	
Profit / (loss) after taxation attributable to the company's owners	Rupees	5,357,802	(12,619,288)
Weighted average number of ordinary shares outstanding during the year	Numbers	50,031,154	45,206,589
Earnings / (loss) per share - basic	Rupees	0.11	(0.28)

29.1 Weighted-average number of ordinary shares (basic & diluted)

		Restated	
Issued ordinary shares at July 1		11,110,000	5,000,000
Bonus issue		35,112,315	40,112,315
Effect of right issue		3,808,839	94,274
Weighted average number of ordinary shares at June 30		<u>50,031,154</u>	<u>45,206,589</u>

29.2 Loss per share - restated as disclosed in note 7

Impact of bonus issue for the year		(1.25)
Loss per share - restated after the bonus issue		<u>0.97</u>
		<u>(0.28)</u>

KIRZ

29.3 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.

30 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 and executives are as follows:

	Chief Executive Officer		Executives	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
Managerial remuneration	-	1,536,435	7,749,912	4,992,394
Special pay	-	67,315	1,285,855	551,235
Provident fund	-	67,074	623,151	383,608
House rent allowance	-	691,396	3,487,112	2,246,584
Utilities	-	153,645	774,909	499,241
Medical	-	15,000	200,213	137,933
Bonus	-	-	296,002	-
Fuel allowance	-	84,205	702,039	511,795
	-	2,615,070	15,119,193	9,322,790
Number of persons	1	1	10	6

30.1 No remuneration is paid to the Chief executive officer and executive directors of the company during the year. 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.

30.2 Meeting fee is paid to all the executive and non executive directors of the company as approved by the Directors of the company.

31 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 and executives is disclosed in note 30 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	2023	2022
				-----Rupees-----	
Modaraba Al Mali	Associated concern	Associate of associated company	Share of (loss) / profit from associate	(366,924)	1,161,764
			Share of other comprehensive income from associate	1,858,531	3,238,130
			Investment made in the certificate capital of associate	-	79,436,050
			Musharaka finance given to associate	50,000,000	-
			Accrued profit on musharaka finance	6,811,644	-
LSE Capital Limited	Associated company	35.10% shareholding in the company	Adjustment of long term liability against intangible assets	(362,667,768)	-
			Issuance of share capital	127,309,097	-
			Share registrar services provided to the party	180,000	-
InfoTech (Private) Limited	Associated company	45.90% shareholding in the company	Issuance of share capital	166,481,182	-
ISE Towers REIT Management Company Limited	Shareholder	9% shareholding in the company	Issuance of share capital	32,643,364	-
LSE Ventures Limited (Formerly LSE Financial Services Limited)	Associated company	9.99% shareholding in the company and associate of Modaraba Al Mali	Issuance of share capital	36,234,125	-
			Share registrar services provided to the party	88,960	-
LSE Proptech Limited	Associated company	Associate of Modaraba Al Mali	Share registrar services provided to the party	103,960	-
Ensmile Limited	Associated company	Associate of Modaraba Al Mali	Share registrar services provided to the party	35,000	-
Metetech Health Limited	Ex-associated company	Ex-associate of Modaraba Al Mali	Share registrar services provided to the party	173,956	-
LSE Financial Services Limited	Ex-associated company	Ex-associate of Modaraba Al Mali	Debt securities trustee services provided to the party	1,327,434	-
Muhammad Nasir Mirza	Director	Key management personnel	Meeting fee paid to director	125,000	-
Dr. Yusuf Zafar	Director	Key management personnel	Meeting fee paid to director	150,000	-
Naseer Ahmad Akhtar	Director	Key management personnel	Meeting fee paid to director	50,000	-
Muhammad Iqbal	Director	Key management personnel	Meeting fee paid to director	100,000	-
Shoaib Mir	Director	Key management personnel	Meeting fee paid to director	100,000	-
Faruq Younus Khan	Director	Key management personnel	Meeting fee paid to director	100,000	-
Muhammad Khalid Farooq	Director	Key management personnel	Meeting fee paid to director	100,000	-
Syed Mukhtar Hussain	Director	Key management personnel	Meeting fee paid to director	100,000	-
Majeeda Humayun	Director	Key management personnel	Meeting fee paid to director	125,000	-
Aftab Ahmad Chaudhary	Chief Executive Officer	Key management personnel	Meeting fee paid to director	50,000	-

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32 STAFF PROVIDENT FUND

The following information is based on un-audited financial statements of the provident fund for the year ended June 30, 2023 and 2022:

	2023	2022
	-----Rupees-----	
Size of the fund - total assets	3,572,157	2,310,010
Cost of investments	3,572,157	2,310,010
Percentage of investments made	100%	100%
Fair value of investments	3,572,157	2,310,010

The investments of the fund are kept in saving bank accounts maintained in the name of the staff provident fund.

<u>Assets</u>	<u>Percentage</u>		
Bank balances	100%	3,572,157	2,310,010

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.

33 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.

33.1 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.

(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 musharaka finance extended to Modaraba Al Mali. 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:

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	Note	2023 -----Rupees-----	2022
Floating rate instruments:			
Musharaka finance - Modaraba Al Mali	14.1	50,000,000	-
Bank balances - savings accounts	16.1	1,464,725	51,393,827
		<u>51,464,725</u>	<u>51,393,827</u>

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 / (loss) before taxation would have been increased / (decreased) by Rs. 514,647 (2022: Rs. 513,938). This analysis is prepared without taking in account taxation effect and applying +/- 1% discount factor on the outstanding balance of bank balances and musharaka finance reported in these financial statements with the assumption that the balance is outstanding for the whole 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, 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.

	Note	2023 -----Rupees-----	2022
FINANCIAL ASSETS			
Long term deposits	10	2,184,366	2,080,400
Trade receivables	12	16,469,132	5,961,087
Short term investments	13	226,454	1,844,467
Deposits and other receivables	14	56,811,644	922,790
Bank balances	16	1,714,475	51,620,313
		<u>77,406,071</u>	<u>62,429,057</u>

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	2023	2022
	Short term	Long Term		-----Rupees-----	
MCB Bank Limited	A1+	AAA	PACRA	1,714,475	51,677,023
MCB Cash Management Optimizer	-	AA+(f)	PACRA	226,454	1,844,467
				<u>1,940,929</u>	<u>53,521,490</u>

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 standing, 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 and custodial 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 standing and good credit history, the overall credit risk of the Company is at a acceptable low level. The analysis of ages of trade receivables of the Company as at the reporting date is disclosed in Note 10 to these financial statements.

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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 these 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 as the chances of expected credit loss is not applicable in the instant case in practical scenario.

(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, the availability of funding to an adequate amount of committed obligations of the business. 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 manages liquidity risk by maintaining sufficient cash. At June 30, 2023, the Company had Rs. 2.065 million (2022: Rs. 51.677 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, 2023

Within one year	Over 1 to 5 years	More than 5 years
-----------------	-------------------	-------------------

Long term liability against intangible assets

Lease liability

Accrued and other liabilities

-----Rupees-----		
-	-	-
3,819,107	5,959,493	-
24,388,293	-	-
28,207,400	5,959,493	-

As at June 30, 2022

Long term liability against intangible assets

Lease liability

Accrued and other liabilities

29,926,652	332,741,116	-
4,141,575	8,842,243	-
4,314,723	-	-
38,382,950	341,583,359	-

33.2 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.

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, 2023				
Fair value through profit or loss	226,454	-	-	226,454
Financial asset as at June 30, 2022				
Fair value through profit or loss	1,844,467	-	-	1,844,467

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.

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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, 2023 (2022: Nil) for the recognized fair value measurement.

33.3 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.

33.4 Financial instruments by categories

As at June 30, 2023

Financial Assets as per statement of financial position

	Amortized cost	Investment at fair value through profit or loss	Total
	-----Rupees-----		
Long term deposits	2,184,366	-	2,184,366
Trade receivables	16,469,132	-	16,469,132
Short term investments	-	226,454	226,454
Deposits and other receivables	56,811,644	-	56,811,644
Cash and Bank balances	2,064,869	-	2,064,869
	<u>77,530,011</u>	<u>226,454</u>	<u>77,756,465</u>

Financial liabilities as per statement of financial position

	Amortized cost
	Rupees
Long term liability against intangible assets	-
Lease liability	9,778,600
Accrued and other liabilities	24,388,293
	<u>34,166,893</u>

As at June 30, 2022

Financial Assets as per statement of financial position

	Amortized cost	Investment at fair value through profit or loss	Total
	-----Rupees-----		
Long term deposits	2,080,400	-	2,080,400
Trade receivables	5,961,087	-	5,961,087
Short term investments	-	1,844,467	1,844,467
Deposits and other receivables	922,790	-	922,790
Cash and Bank balances	51,677,023	-	51,677,023
	<u>60,641,300</u>	<u>1,844,467</u>	<u>62,485,767</u>

Financial liabilities as per statement of financial position

	Amortized cost
	Rupees
Long term liability against intangible assets	362,667,768
Lease liability	12,983,818
Accrued and other liabilities	4,314,723
	<u>379,966,309</u>

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34 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Capital		Liabilities		Reserves	Total
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Accumulated loss	
Rupees						
As at July 1, 2022	111,100,000	48,900,000	362,667,768	12,983,818	(7,071,604)	528,580,082
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)
Loss for the year	-	-	-	-	5,357,802	5,357,802
Other comprehensive income	-	-	-	-	1,579,751	1,579,751
	411,567,768	(48,900,000)	(362,667,768)	-	6,937,553	6,937,553
Balance as at June 30, 2023	522,667,768	-	-	9,778,600	(133,951)	532,312,417

	Capital		Liabilities		Reserves	Total
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Accumulated loss	
Rupees						
As at July 1, 2021	50,000,000	-	-	-	52,797,074	102,797,074
Changes from financing cash flows						
Issuance of right shares	11,100,000	-	-	-	-	11,100,000
Share premium on right issue of shares	-	48,900,000	-	-	-	48,900,000
Repayment of lease finance	-	-	-	(2,671,963)	-	(2,671,963)
Total changes from financing cash flows	11,100,000	48,900,000	-	(2,671,963)	-	57,328,037
Other changes						
Issuance of bonus shares	50,000,000	-	-	-	(50,000,000)	-
Long term liability on account of intangible assets acquired	-	-	362,667,768	-	-	362,667,768
Lease liability against right of use asset	-	-	-	15,655,781	-	15,655,781
Loss for the year	-	-	-	-	(12,619,288)	(12,619,288)
Other comprehensive income	-	-	-	-	2,750,710	2,750,710
	50,000,000	-	362,667,768	15,655,781	(59,868,578)	368,454,971
Balance as at June 30, 2022	111,100,000	48,900,000	362,667,768	12,983,818	(7,071,604)	528,580,082

35 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:

- 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
- to provide an adequate return to shareholders, while at the same time carrying risk exposure acceptable to them.

The Company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and other means commensurating to the circumstances.

36 NUMBER OF EMPLOYEES

The number of employees during the year were as follows:

	2023	2022
At year end	60	44
Average during the year	42	40

37 AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on _____ by the Board of Directors of the Company.

38 GENERAL

38.1 Figures of the corresponding period have been rearranged / regrouped where considered necessary to achieve better presentation and understanding. No material reclassification has been made in the corresponding figures, except for the correction of errors and change in accounting policy as disclosed in Notes 6 and 7 respectively to these financial statements.

38.2 Figures in these financial statements have been rounded off to nearest Rupee unless otherwise stated.

Chief Executive Officer

Director

K. H. Khan Bughosh