

**LSE SPAC-I LIMITED**

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

## **INDEPENDENT AUDITORS' REPORT**

### **To the members of LSE SPAC-I Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of **LSE SPAC-I Limited** ("the Company"), which comprises statement of financial position as at June 30, 2025, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2025 and of the loss, the other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

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

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

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Report on Other Legal and Regulatory Requirements:**

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

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

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

LAHORE: November 01, 2025  
UDIN: AR2025102690A0Y5VHJU

*Kreston Hyder Bhimji*  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

**LSE SPAC-1 LIMITED**  
**STATEMENT OF FINANCIAL POSITION JUNE 30, 2025**

	Note	Rupees
<b>ASSETS</b>		
<b>Current assets</b>		
Accrued profit		54,866
Tax refunds due from the Government	4	13,137
Bank balance	5	9,536,248
<b>Total assets</b>		<b>9,604,251</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
<b>Authorized share capital</b>		
1,000,000 ordinary shares of Rs. 10 each		10,000,000
Issued, subscribed and paid-up share capital	6	10,000,000
Revenue reserve		
Accumulated loss		(445,749)
<b>Total equity</b>		9,554,251
<b>Current liabilities</b>		
Creditors, accrued and other liabilities		50,000
<b>Contingencies and commitments</b>	7	-
<b>Total equity and liabilities</b>		<b>9,604,251</b>

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

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**LSE SPAC-1 LIMITED**  
**STATEMENT OF PROFIT OR LOSS FOR THE PERIOD FROM MARCH 09, 2025 TO JUNE 30, 2025**

	<u>Note</u>	<u>Rupees</u>
Income	8	155,404
<b>Operating expenses</b>		
Administrative and general expenses	9	(599,210)
<b>Operating loss</b>		<u>(443,806)</u>
Finance cost		-
<b>Loss before levy and income tax</b>		<u>(443,806)</u>
Levy - final tax	10	(1,943)
<b>Loss before income tax</b>		<u>(445,749)</u>
Income tax expense	11	-
<b>Loss after taxation</b>		<u>(445,749)</u>
<b>Loss per share - basic and diluted</b>	12	<u>(1.43)</u>

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

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**LSE SPAC-1 LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM MARCH 09, 2025 TO JUNE 30, 2025**

	<u>Rupees</u>
<b>Loss after taxation for the period</b>	<b>(445,749)</b>
<b>Other Comprehensive income</b>	
Items that may be subsequently reclassified to profit or loss	-
Items that will never be reclassified to profit or loss	-
<b>Total comprehensive loss for the period</b>	<b><u>(445,749)</u></b>

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

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**LSE SPAC-1 LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM MARCH 09, 2025 TO JUNE 30, 2025**

	Capital		Revenue reserve	Total equity
	Share Capital	Share deposit money	Unappropriated loss	
	.....Rupees .....			
Share money received during the period	-	10,000,000	-	10,000,000
Shares issued against share deposit money	10,000,000	(10,000,000)	-	-
Total comprehensive loss for the period				
Net loss after taxation for the period	-	-	(445,749)	(445,749)
Other comprehensive loss - net of tax	-	-	-	-
	-	-	(445,749)	(445,749)
<b>Balance as at June 30, 2025</b>	<b>10,000,000</b>	<b>-</b>	<b>(445,749)</b>	<b>9,554,251</b>

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

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CHIEF EXECUTIVE OFFICER

DIRECTOR


LSE SPAC-1 LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM MARCH 09, 2025 TO JUNE 30, 2025

	<u>Note</u>	<u>Rupees</u>
Loss before levy and income tax		(443,806)
<b>Adjustments for non-cash and other items</b>		
Profit on bank deposits	8	(155,404)
<b>Operating loss before working capital changes:</b>		<u>(599,210)</u>
<b>Working capital changes:</b>		
Creditors, accrued and other liabilities		50,000
<b>Cash used in operations</b>		<u>(549,210)</u>
Levy and income tax paid	4	(15,080)
<b>Net cash used in operating activities</b>		<u>(564,290)</u>
<b>Cash flows from investing activities</b>		
Profit on bank deposits received		<u>100,538</u>
<b>Net cash generated from investing activities</b>		100,538
<b>Cash flows from financing activities</b>		
Share deposit money received during the period from related parties	6	<u>10,000,000</u>
<b>Net cash generated from financing activities</b>		10,000,000
<b>Net increase in cash and cash equivalents</b>		<u>9,536,248</u>
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>	5	<u><u>9,536,248</u></u>

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

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**LSE SPAC-1 LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 09, 2025**

**1 LEGAL STATUS AND ITS NATURE OF THE BUSINESS**

**1.1 Legal status and operations**

LSE SPAC-1 Limited ("the Company") was registered on March 09, 2025 as a public unlisted company limited by shares under the Companies Act, 2017. The registered office and principal place of business of the Company is situated at LSE Plaza, The Exchange Hub, 19-Kashmir Egerton, Lahore, Pakistan. The company is a wholly owned subsidiary of Messrs LSE Capital Limited.

The principal line of business of the company is to raise funds from investors and utilize those funds for merger and acquisition of company / companies within the permitted time frame, as per the Public Offering Regulations, 2017.

**2 Basis of preparation**

**2.1 Statement of compliance**

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

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

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

**2.2 New standards, interpretations of and amendments to published approved accounting standards**

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

There are certain amendments to the published approved accounting standards that are effective in the current year. However, these do not have any significant impact on the Company's operations and, therefore, have not been detailed in these financial statements.

	<b>Effective date (annual periods beginning or after)</b>
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024

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## 2.2.2 New accounting standards, amendments and interpretations that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

	<u>Effective date (annual periods beginning or after)</u>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 10 'Consolidated financial statements'	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IAS 7 (Statement of Cash Flows)	January 01, 2026
IFRS 18 'Presentation and Disclosures in Financial Statements'	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 01, 2027
IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'	January 01, 2027
IFRS S2 'Climate-related Disclosures'	January 01, 2027

- 2.2.3 In addition to the above, the IASB has issued the following standards and interpretations which, as of June 30, 2025, have not been notified by the Securities and Exchange Commission of Pakistan (SECP) for local adoption. The Company will evaluate the impact of these pronouncements once they are notified for application in Pakistan.

IFRS 1 First-time Adoption of International Financial Reporting Standards  
IFRIC 12 Service Concession Arrangements

## 2.3 Functional and presentation currency

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

## 2.4 Basis of measurement

These financial statements are prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the items as disclosed in Note 3.1, 3.2, 3.6, 3.7 and 3.9 of these financial statements. In these financial statements, accrual basis of accounting has been used except for the statement of cash flows.

## 2.5 Critical accounting estimates and judgments

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

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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.

### 3 Material accounting policy information

The material accounting policies adopted in the preparation of these financial statements are set out below:

#### 3.1 Taxation - Levy and Income tax

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

##### Levy

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

##### Current

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

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

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

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

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

##### Deferred

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

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

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

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

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

Deferred tax is 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.

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

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

### **Off-setting**

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

## **3.2 Financial instruments**

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

### **3.2.1 Financial assets**

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

#### **a) Classification**

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

#### **b) Initial recognition and measurement**

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

#### **c) Subsequent measurement**

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

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

#### **d) Derecognition**

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

#### **e) Impairment of financial assets**

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

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

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For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

### **3.2.2 Financial liabilities**

#### ***a) Initial recognition and measurement***

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables etc.

#### ***b) Subsequent measurement***

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

#### **Off-setting of financial assets and financial liabilities**

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

### **3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flows statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements.

### **3.4 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.

### **3.5 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'.

### **3.6 Trade and other payables**

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

### **3.7 Provisions**

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

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### 3.8 Related party transactions

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

### 3.9 Contingent liabilities

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

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

### 3.10 Revenue recognition

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

#### **Markup / interest income**

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable that takes into account the EIR method.

#### **Other income**

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

The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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	<u>Note</u>	<u>June 30, 2025</u> <u>Rupees</u>
<b>4 TAX REFUNDS DUE FROM THE GOVERNMENT</b>		
Income tax deducted at source		15,080
Less: Provision for levy and income tax	10.1	<u>(1,943)</u>
Balance as at June 30, 2025		<u><u>13,137</u></u>

**5 BANK BALANCE**

Cash at bank in saving account	5.1	<u><u>9,536,248</u></u>
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5.1 The saving bank account carries profit rates ranging from 9.50% to 12.50% per annum (2024: Nil).

**6 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

<u>(Number of shares)</u>			
<u>1,000,000</u>	<u>-</u>	Ordinary shares of Rs. 10 each, issued for consideration in cash	6.1 <u><u>10,000,000</u></u>

6.1 Shares were issued on March 09, 2025 against share deposit money received from the following related parties:

<u>Name of shareholders</u>	<u>Relationship</u>	<u>%age of shareholding</u>	
Mr. Aftab Ahmad	Director	0.0001%	10
Mr. Amir Zia	Chief Executive	0.0001%	10
LSE Capital Limited	Holding company	99.9998%	9,999,980
		<u>100%</u>	<u><u>10,000,000</u></u>

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

**7 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding at the reporting date (2024: Nil).

**8 INCOME**

**Income from financial assets**

Profit on bank deposits	<u><u>155,404</u></u>
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**9 ADMINISTRATIVE AND GENERAL EXPENSES**

Directors' meeting fee	9.1	500,000
Travelling and conveyance		49,210
Auditors' remuneration - audit fee		50,000
		<u><u>599,210</u></u>

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

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	<u>Note</u>	<u>June 30, 2025</u> <u>Rupees</u>
<b>10 LEVY - FINAL TAX</b>		
Minimum tax - profit on bank deposits	10.1	<u>1,943</u>

10.1 This represents final tax paid under section 151 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

#### 11 INCOME TAX EXPENSE

Current tax for the period	11.1	-
Deferred tax	11.2	-
		<u>-</u>

11.1 The Company has not commenced its commercial operations until the reporting date and has carried forward taxable loss of Rs. 443,806, therefore no provision for current taxation under normal tax regime is applicable for the current tax period, however, the charge for current tax is computed on the basis of minimum tax being the higher of alternate corporate tax and normal tax, classified as levy (Note 10) as per the technical guidance issued by the ICAP dated May 15, 2024 vide its Circular bearing reference # 7/2024. Accordingly, numerical reconciliation between average effective tax rate and the applicable tax rate is not applicable in the instant case as there is no relationship between tax expense and accounting profit on account of the provision for current taxation is based on minimum tax.

11.2 There being no timing differences and the Company has also not yet derived income having different treatments in financial statements for accounting and tax purposes, therefore, no provision for deferred taxation is applicable in the instant case of the Company and accordingly not recorded in these financial statements.

#### 12 LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation attributable to the company's owners	<b>(445,749)</b>
Weighted average number of ordinary shares outstanding during the period	<b>312,329</b>
Loss per share - basic	<b>(1.43)</b>

The figure for diluted loss per share is the same as basic loss per share as the company has not issued any instrument which would have an impact on basic loss per share when exercised.

#### 13 FINANCIAL RISK MANAGEMENT

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

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

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### 13.1 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:

#### (a) Currency risk

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

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to floating interest rate risk as it does not have any interest bearing liabilities as at the reporting date.

#### (c) Price equity risk

Equity price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as it does not hold any instrument at the reporting date whose price is subject to fluctuations in the stock / money market.

### 13.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to any credit risk as at reporting date.

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

Name of the Bank	Rating		Rating agency	June 30, 2025
	Short term	Long term		
Faysal Bank Limited	A1+	AA	PACRA	<u>9,536,248</u>

#### Exposure to credit risk

The credit risk on liquid funds is limited because the counter party is bank with reasonably high credit ratings. Due to long standing business relationships of the Holding Company of the Company with the above-named Bank and considering its strong financial footing and reputation in the business community, the management does not expect non-performance by the counter party on its obligations to the Company. Accordingly, the credit risk is minimal.

### 13.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Keeping in view the quantum of liquid assets, the company is not exposed to liquidity risk as at the reporting date.

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#### 13.4 Financial instruments by categories

##### Financial assets as at June 30, 2025

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income
	.....Rupees.....		
Accrued profit	-	54,866	-
Bank balances	-	9,536,248	-
<b>Total</b>	<b>-</b>	<b>9,591,114</b>	<b>-</b>

##### Financial liabilities as at June 30, 2025

Creditors, accrued and other liabilities	-	50,000	-
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#### 13.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences may arise between the carrying value and the fair value estimates.

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

At the reporting date, all the financial instruments are carried at their amortized cost, therefore, fair value hierarchy levels are not disclosed in these financial statements being not applicable in the instant case.

#### 14 CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders, while at the same time carrying risk exposure acceptable to them.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, if possible, selling surplus assets without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Since, the company has no outstanding debt at the reporting date, therefore, the company is not geared and is wholly financed by its Holding Company.

#### 15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company are as follows:

<u>Names of Related Parties</u>	<u>Relationship</u>	<u>Basis of relationship</u>	<u>Shareholding (%)</u>
LSE Capital Limited	Holding Company	Common Directorship	99.98%
LSE Financial Services Limited	Associated company	Common Directorship	0.00%
LSE Ventures Limited	Associated company	Common Directorship	0.00%
LSE Financial Services Limited	Associated company	Common Directorship	0.00%
Amir Zia	Chief Executive Officer	Director	0.01%
Aftab Ahmad	Executive Director	Director	0.01%

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Related parties include holding company, associated entities, directors and their close family members and other key management personnel. Balances with related parties are disclosed in respective notes to these financial statements. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

<u>Names of Related Parties</u>	<u>Nature of transactions</u>	<u>June 30, 2025</u> <u>Rupees</u>
LSE Capital Limited	Share deposit money received	10,000,000

## 16 MANAGERIAL REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVE

- 16.1 No remuneration was paid to the Chief Executive Officer or Directors of the Company.
- 16.2 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year. There is no executive in the Company both during the period and at the reporting date.

## 17 NUMBER OF EMPLOYEES

Total number of employees as at June 30,  
Average number of employees during the period

June 30, 2025

-  
-

## 18 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on

~~01 NOV 2025~~

## 19 GENERAL

- 19.1 Since the company was formed during the period, therefore, comparative information is not applicable in the instant case.
- 19.2 The company does not employ any permanent or contractual employee during the period.

ICMR

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR