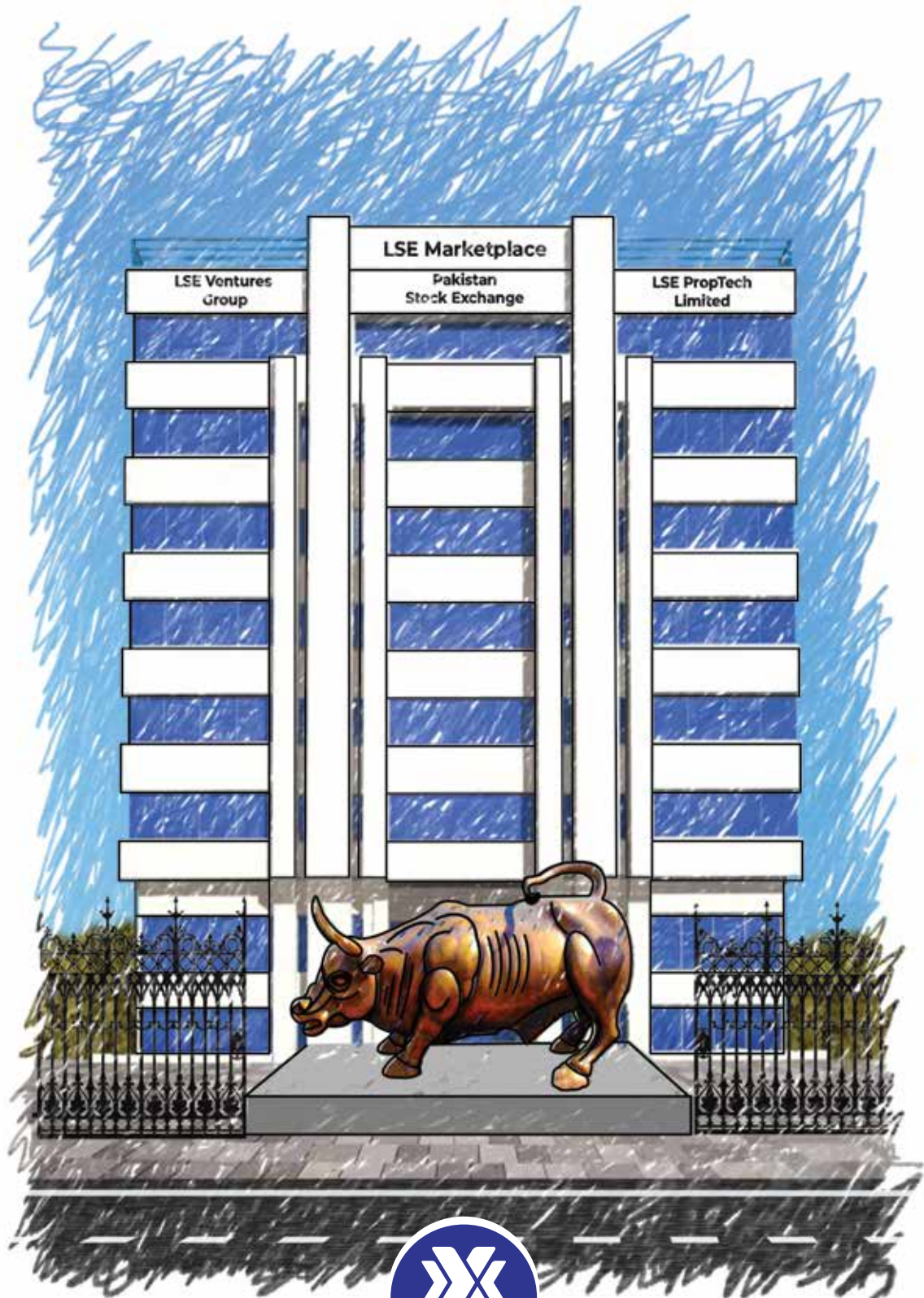


Annual Report 2022



Financial Services Limited



Financial Services Limited



Welcome

to LSE Financial Services Limited

“The secret of change is to focus all your energy not on fighting the old but on building the new”

SOCRATES

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“Don't sit down and wait for the opportunities to come. Get up and make them.”

Company Information

Board of Directors

Mr. Zahid Latif Khan	Chairman/ Independent Director
Mr. Amir Zia	Chief Executive Officer
Mr. Aftab Ahmad Ch.	Executive Director
Mr. Ammar Ul Haq	Director
Mr. Asif Baig Mirza	Director
Ms. Huma Ejaz	Independent Director
Mr. Khalid Waheed	Director
Mr. Muhammad Iqbal	Director
Mr. Rizwan Ejaz	Independent Director
Mr. Salman Majeed	Director
Mr. Shahnawaz Mahmood	Independent Director
Mr. Yaser Manzoor	Director

Audit, Investment and Restructuring Committee

Ms. Huma Ejaz	Chairman
Mr. Rizwan Ejaz	Member
Mr. Salman Majeed Sheikh	Member
Mr. Shahnawaz Mahmood	Member

Human Resource and Remuneration Committee

Mr. Shahnawaz Mahmood	Chairman
Mr. Aftab Ahmad Ch.	Member
Mr. Ammar ul Haq	Member
Mr. Khalid Waheed	Member

Company Secretary	Mr. Muhammad Usman
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Chief Financial Officer	Ghulam Mustafa
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Auditors	Crowe Hussain Chaudhury & Co. Chartered Accountants
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Legal Advisor	Cornelius, Lane and Mufti
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Registrar	CDC Share Registrar Services Limited CDC House, Karachi
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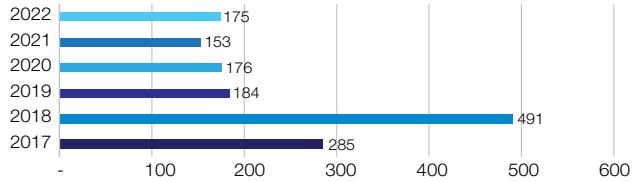
Bankers:	MCB Bank Limited
	Bank Alfalah Limited
	Habib Bank Limited
	Allied Bank limited
	Bank Al Habib Limited

Registered Office	LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore
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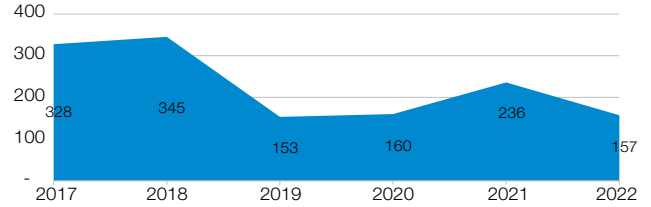


Financial Highlights

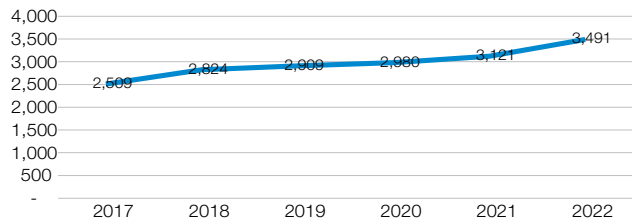
Revenue Trend



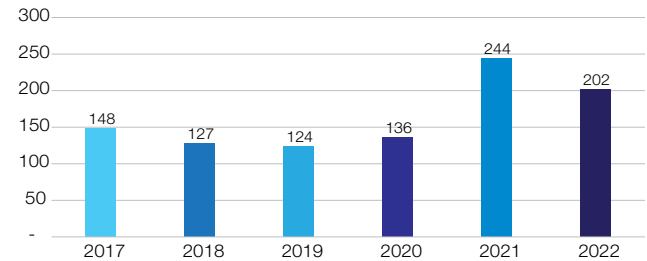
Net Profit After Tax



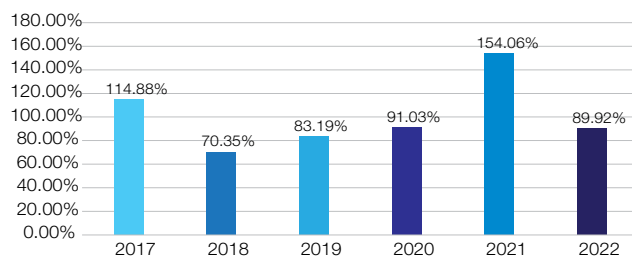
Shareholders' Equity + Revaluation Surplus



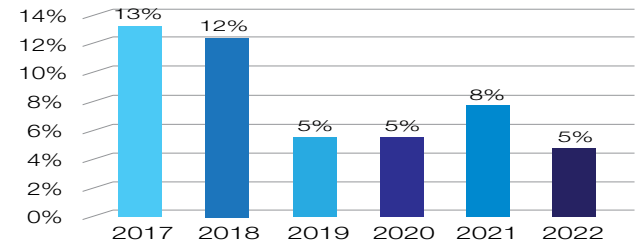
Share of Profit - Associates



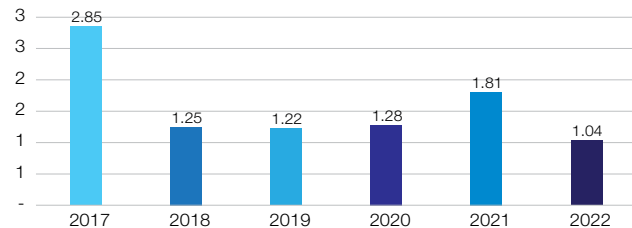
NPAT %



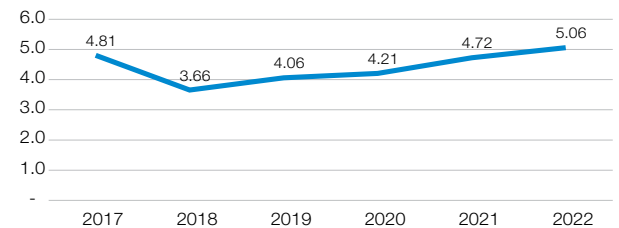
ROE



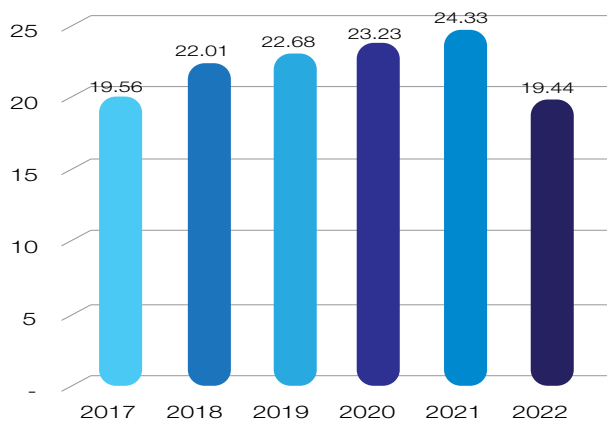
EPS



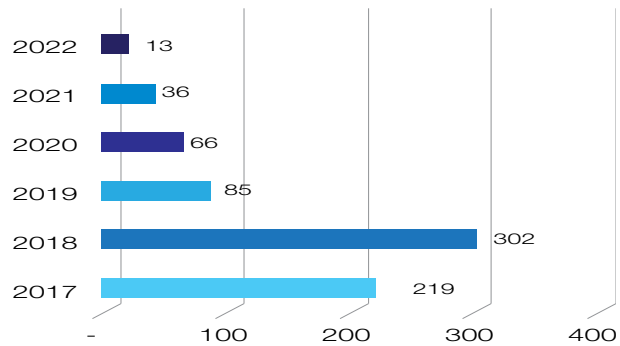
Current Ratio



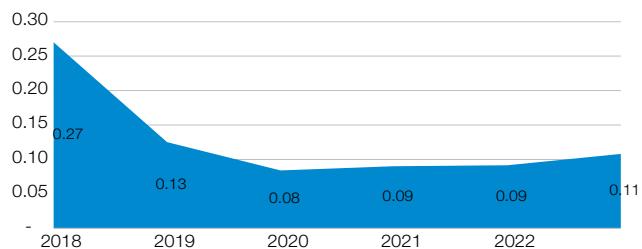
**Book Value per Share
(Including Revaluation Surplus)**



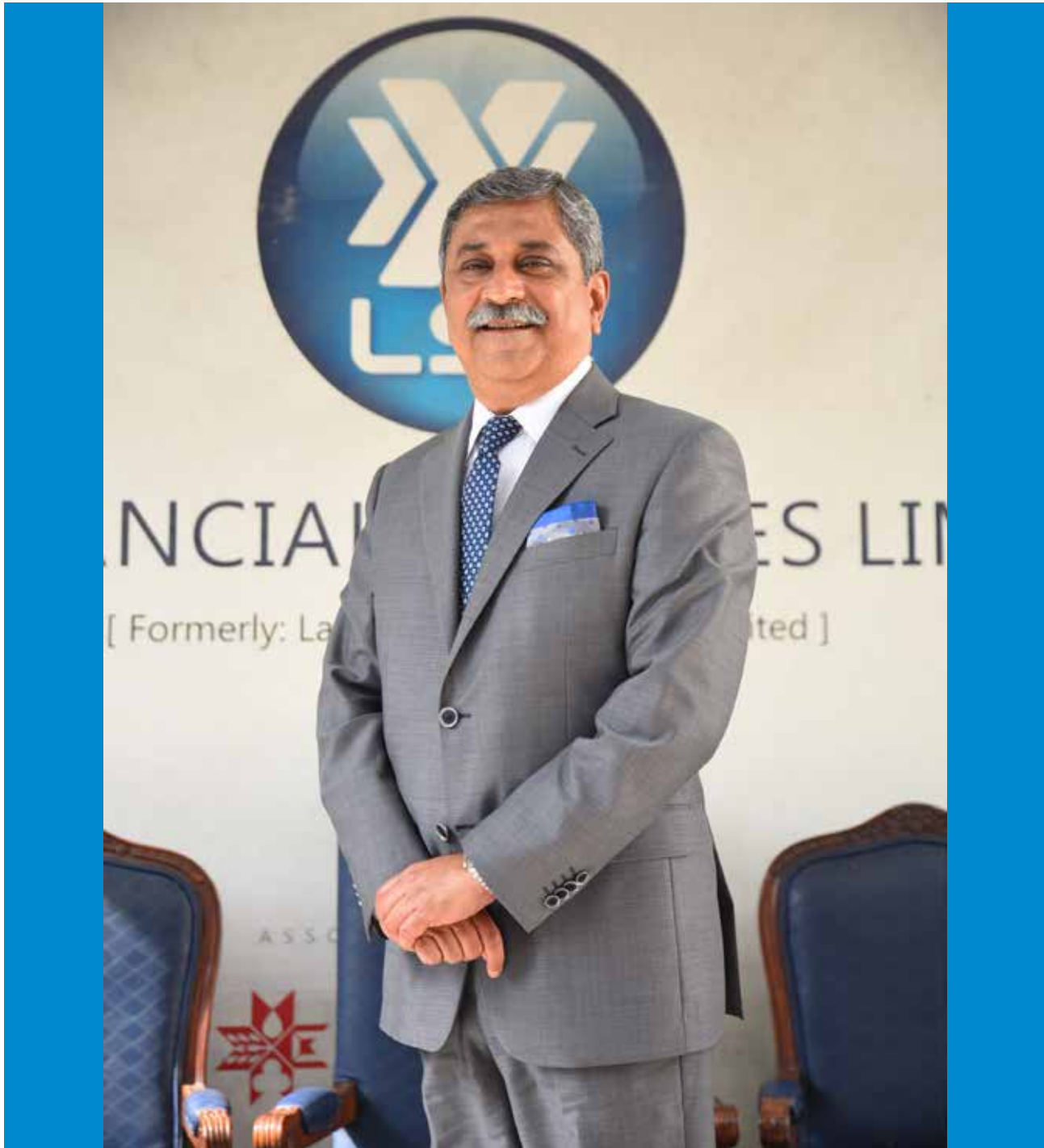
Operating Profit



Total Liabilities to Equity



Director's Profile



MR. ZAHID LATIF KHAN

Chairman / Independent Director

Mr. Zahid Latif Khan is the Chairman/ Independent Director of LSE Financial Services Limited. He is also the Chairman and non-executive Director of ISE Towers REIT Management Company Limited. He has already served as NED and Chairman of the Board of the Company during 2016-19 term. He is also the Chairman and Chief Executive Officer of M/s Zahid Latif Khan Securities (Private) Limited, a leading corporate brokerage house of Pakistan Stock Exchange having a wide branches network in Islamabad and adjoining areas. Besides running a corporate brokerage entity, Mr. Zahid also has the distinction of serving as Board member of other capital market institutions such as Islamabad Stock Exchange, Pakistan Mercantile Exchange Limited and NCEL Building Management Limited.

Mr. Zahid has played very effective role on the Boards of capital market institutions. He has been quite instrumental in implementation of modern corporate governance standards and advancing the idea of corporate social responsibility. In addition to his regular contributions at the Board level for policies framing, Mr. Zahid has the distinction of playing key role in the establishment of Unified Trading Platform between Lahore & Islamabad Stock Exchanges, and operational launch of the Pakistan Mercantile Exchange, both of which are considered to be the landmark initiatives at the capital market landscape of the country.

The most prominent and landmark initiative taken by him has resulted in the integration of securities market of Pakistan. He has played very effective role towards creation of Pakistan Stock Exchange which has emerged after integration of stock exchanges of Karachi, Lahore and Islamabad. This measure has done away the market fragmentation and as a result the concept of one country, one exchange and one price has flourished. In addition to his valuable contributions in the corporate sector, Mr. Zahid Latif Khan has also played very dynamic role for the service of business/community. He has been the President of Rawalpindi Chamber of Commerce & Industries (RCCI) during the term 2017-18. He remained very instrumental in this capacity to help resolve the issues relating to the business community.

Mr. Zahid has a diversified experience of the stock brokerage business spanning over a period of twenty-five years. During his association with the securities industry, Mr. Zahid has achieved extensive hands on familiarity with multifaceted operational aspects such as Initial Public Offerings, Book Buildings, Risk Management Operations, Buy Back Pricing Models, Customer Account Relationships, Order Executions and Clearing & Settlement functions, etc. As the Chairman & CEO of his securities firm, Mr. Zahid has expanded the network of retail brokerage outlets which has seen remarkable growth in the business of his firm besides promoting the culture of stock investments amongst the smaller investors.

Mr. Zahid, having good academic back ground, also participated in various other domestic and international training programs, seminars and conferences. Mr. Zahid is also a graduate of National Security Workshop (NSW) organized by National Defense University for the leading parliamentarians, bureaucrats, armed forces officers and business leaders in Pakistan. He is a certified director by the Institute of Cost and Management Accountant of Pakistan (ICMA), a duly licensed body for the purpose by SECP in terms of Code of Corporate Governance. Besides the above, Mr. Zahid also takes time out for delivering lectures on stock market issues to various educational institutions, trade bodies and investors' gatherings in Pakistan. Mr. Zahid travels extensively and has undertaken many study visits to the leading stock markets and financial institutions of the world.

Director's Profile



MR. AMIR ZIA

Chief Executive Officer/ Managing Director

Mr. Amir Zia is serving as Chief Executive/ Managing Director of LSE Financial Services Limited and also on Board of Director of Assetplex Modaraba Investment Limited and represents as a non-executive Director of Modaraba Al-Mali. He is a Chartered Management Accountant by Qualification, having qualified CIMA – UK exams. Since qualifying, he has obtained vast experience in various strata of the field of finance including strategic planning, industry analysis, financial and economic analysis, project evaluation and management, treasury management as well as international trade and finance.

Mr. Zia previously served as the Group Chief Financial Officer of Treet Group of Companies and played an instrumental part in the expansion & diversification of Treet Corporation Limited. Experienced in strategic level leadership and development of long-term plans for market institutions, entities and social/private sector initiatives. Following positions were/are held:

- **Director (Non-Executive)**
Loads Limited
- **Director (Non-Executive)**
Hi-Tech Alloy Wheels Limited
- **Director (Non-Executive)**
Specialized Auto Parts (Private) Limited
- **Director (Non-Executive)**
Multiple Auto Parts (Private) Limited
Member/ Secretary General–Society for Cultural Education
- **Director (Non-Executive)**
ZIL Limited
- **Director (Non-Executive)**
Systems Limited
- **Director (Non-Executive)**
Renacon Pharma Limited
- **Member-Listing Committee**
Pakistan Stock Exchange Limited
- **Director (Independent)**
Citi Pharma Limited
- **Director (Independent)**
Yaqaen Developers Limited



MR. AFTAB AHMAD

Executive Director

Mr. Aftab Ahmad is a capital market practitioner focusing on enhancing market efficiencies, equity capital mobilization and investment promotion projects. His work involves developing solutions for easy, efficient and empowering financial inclusion and related policy/regulatory frameworks and innovative transaction arrangements. He is also involved in the areas of market activism and social entrepreneurship, such as; improvements in public sector governance, responsive community engagement, expanding financial literacy, investor relations and gender mainstreaming.

His professional identity is mainly centered on his roles at Islamabad and Lahore Stock Exchanges. Besides this, he has worked at varying roles for different corporate and market infrastructure institutions in the country. For his voluntary engagements, he is mainly known for his association with regional stock exchange industry association-South Asian Federation of Exchanges (SAFE) and Women on Board (WOB) initiative in Pakistan.

Out of some of his modest contributions, Mr. Aftab is mostly linked to his devoted work in the areas of development of infrastructure for the erstwhile stock exchanges and for conceiving of a unified market system in the country-a precursor to the idea of Pakistan Stock Exchange. He is also known for relentlessly pursuing the primary market development initiatives, such as IPO Summits, gender mainstreaming reforms for corporate boards, and regulatory development proposals for public offering framework, REIT and Commodity Collateral Management frameworks. Besides, he is also acknowledged for bringing SAFE to its heightened level of recognition by pursuing initiatives for the regulatory harmonization, free flow of cross border investments and broader economic integration in South Asia.

During his last full-time employment engagement with USAID's Financial Market Development Project in Pakistan, he assisted in

Government of Pakistan's key regulatory and policy making agencies for introducing policy, legal, institutional and operational reforms in public debt, equity, commodity, SME and Private Equity markets of the country. He earlier headed an investment banking company besides heading Islamabad and Lahore stock exchanges, as well as being the CEO designate of an asset management company for a brief period. He has also served on some Board service positions at various other capital market entities in Pakistan such as; National Commodity Exchange, JCR-VIS & PACRA credit rating agencies, Institute of Capital Market, Pakistan Institute of Corporate Governance and National Clearing & Settlement Company. He has also been involved in providing capital market advisory/consulting services in Bangladesh, Maldives and Nepal, besides advising the Infrastructure Project Development Facility (IPDF)-the precursory agency of Public Private Regulatory Authority (PPRA) in Pakistan.

Mr. Aftab has over three decades of experience of working in various fields such as; logistics/supply chain, procurement, budget management and financial markets. During his initial career, Aftab has also worked as a commissioned military officer, besides serving in the United Nations humanitarian mission in Somalia, known as UNOSOM.

Presently, Mr. Aftab works for a market development entity-E-Finance Solutions Ltd, and renders board and committee level services to some corporates and not for profit initiatives.

Mr. Aftab hold an MBA degree from Nicholls State University, Thibodaux (LA), USA; and is also a graduate of the Executive Management Program from Stanford University, USA. He is also an alumnus of many US SEC's International Programs, National Defense University's National Security Program, and Lahore University of Management Sciences (LUMS)'s Director certification program.



Director's Profile



MR. AMMAR UL HAQ

Non Executive Director

Mr. Ammar-ul-Haq is a seasoned stock broker who has been associated with LSE Financial Services Ltd. and erstwhile Lahore Stock Exchange for over a period of 14 years. He specializes in institutional and retail brokerage, equity buyout syndication, portfolio management services and commodity trading business. Besides this, Mr. Ammar is also engaged with his family steel industry business, which specializes in the trading and import of stainless steel for the domestic manufacturing industry of Pakistan.



MR. ASIF BAIG MIRZA

Non Executive Director

Mr. Asif Baig Mirza is a seasoned stock broker and the Chief Executive Officer of M/s. ABM Securities (Pvt.) Ltd and has been associated with LSE Financial Services Ltd. and erstwhile Lahore Stock Exchange for over a period of 20 years. He holds B.Com (Hons.) degree. He has also participated in Wealth Management Training course held in India. He had already been on the Board of the Lahore Stock Exchange for the Years 1996, 2000, 2001, 2006 and 2008. He had also represented LSE on Board of PMEX, PACRA and PICG. He had also been Convener of various Board Committees.



MS. HUMA EJAZ

Independent Director

A specialist in area of corporate finance, Feasibility Reporting and Financial Modelling, Budgeting and Forecasting, Risk Management and Internal Controls, Statutory Audits and Due Diligence Reporting.

A results-driven professional with over 14 years' experience including articles from Crowe Horwath- Audit Firm, Hospitality, tech industry, Micro-financing, Solar Energy, Goods Manufacturing, Retail, Service, Consultancy and CSR. CAf from Institute of Chartered Accountants of Pakistan (ICAP), certified in Advanced corporate finance from LUMS, business graduate from Government College University (GCU), Certified public accountant-CPA from ICPAP, Certified Financial modeling and valuation Analyst from CFI-USA. Extensive work experience in corporate finance, financial strategy, financial planning, micro, small and medium businesses as a consultant.
Experience:

- **Certified Director** - Pakistan Institute of Corporate Governance: PICG (official) (Apr 2019 – Present) Swan Consultancy private Limited
- **Managing Director** - Swan Consultancy private Limited (Jan 2016 – Present)
- **Group CFO** - Imagine Events Pakistan (Feb 2019 – Present)
- **Director** - Women on Board Pakistan (Sep 2018 – Jun 2020)
- **Director Finance and Strategy** - Careeb Technologies Pvt Ltd (Jan 2019 – Oct 2019)
- **Director Finance & Company Secretary** – HospitAll (May 2018 – Jan 2019)
- **Work Load Consultant** - Forman Christian College (A Chartered University) (Mar 2018 – Apr 2018)
- **Group CFO & Company Secretary** - Buksh Group (Apr 2015 – Nov 2017)
- **Finance Manager** - Seeds of Peace (Jun 2014 – Mar 2015)



MR. KHALID WAHEED

Non Executive Director

Khalid Waheed is Graduate from University of Karachi. He is currently serving as director of Crossport.PK (Pvt.) Limited and LSE Financial Services Limited. Ltd. Prior to this he also serve as CEO of Hum Securities Limited and Vision Securities (Pvt.) Limited. He is a seasoned businessman having experience of more than 20 Years.

Director's Profile



MR. MUHAMMAD IQBAL USMAN - FCA

Non Executive Director

Mr. Muhammad Iqbal Usman is a seasoned industrialist, capital markets professional and a fellow member of Institute of Chartered Accountants of Pakistan with extensive experience in the textile, sugar and construction sectors. Furthermore, Mr. Iqbal has been associated with the Pakistan Stock Exchange as a member since 1990 and is as successful stock market investor. He has been Chairman of the Board of Directors at Al-Abbas Sugar Mills Ltd. and Acme Mills Pvt. Limited, former Chief Executive of Security Stock Fund and a former director of BMA Capital Management. Mr. Iqbal started his career as a tax consultant and a Chartered Accountant in the year 1969.

He is currently serving as a Director on the Board of Suraj Textile Mills, a large sized textile mill in Sindh and Punjab. He is also Director/Chairman of Acme Mills (Pvt.) Ltd., a textile company which is engaged in weaving of yarn. Furthermore, he and his family own substantially all the ownership of Icon Global (Pvt.) Ltd., Icon Management (Pvt.) Ltd. and Icon Capital Management (Pvt.) Ltd. These companies are engaged in textile exports, financial sector and equity businesses respectively.

Education:

- Bachelors of Commerce (University of Karachi – 1964)
- Chartered Accountancy (ICAP – 1969)



MR. RIZWAN EJAZ

Independent Director

Mr. Rizwan Ejaz is Graduate from University of the Punjab. He is currently serving as Director of Renaissance Developers (Pvt.) Limited, Crescent Developers (Pvt.) Ltd. and Renaissance International (Pvt.) Ltd. since 1998 and also on the Board of LSE Financial Services Limited. Ltd. as an Independent Director He is a seasoned businessman having experience of about 25 Years.



MR. SALMAN MAJEED

Non Executive Director

Salman Majeed is a Director of LSE Financial Services Limited. He is also Chief Executive of Salman Majeed Securities (Private) Limited.

Mr. Salman is a young & dynamic individual with an experience in Capital Market of more than 13 years. He has done his Masters in Business Administration and belongs to a well reputed Business Family.



MR. YASER MANZOOR

Non Executive Director

Subject to the approval of SECP

Mr. Yaser Manzoor has global experience of over twenty years in Regulatory Compliance and Financial Crime Compliance with a proven track record of accomplishments. He has expertise in managing relationships with Regulators across multiple jurisdictions.

Presently, he is working as Head of Compliance and AML (MENA) with M/s. Kraken U.S. a U.S. based crypto currency exchange with a global presence, being among the top five largest crypto exchanges in the world. He has worked with Securities Market Division of the SECP as the Head of Surveillance, Supervision & Enforcement Department for many years. He has also worked with Kuwait Turkish Participation Bank (Dubai) Ltd. and Dubai Islamic Bank Ltd. as the head of Compliance.

He holds Master's degree in Finance & Financial Law from the School of Oriental and African Studies, London, UK and also the Post Graduate Diploma in Business and Finance from Perth Institute of Business & Technology, Perth, Australia.

Director's Profile



MR. SHAHNAWAZ MAHMOOD

Independent Director

Shahnawaz Mahmood is an Independent Director of LSE Financial Services Limited. He is also CEO/Director of Finnect which is working to promote digital products. He has previously served as the Deputy Managing Director of the Pak China Investment Company for six (6) years. As an executive director, he has been involved in implementing the strategic direction for company's business objectives as well as organizational management. He has been instrumental in developing new initiatives such as advisory, project and infrastructure financing and expansion of footprint in corporate financing. He has also played an important role in attracting Chinese investments in initiatives such as acquisition of Pakistan Stock Exchange Limited (PSX).

Mr. Mahmood has previously been a part of the Public Private Partnership (PPP) initiative for infrastructure development by the Government of Pakistan. In his role as the Head of Projects at the Infrastructure Project Development Facility (IPDF), Ministry of Finance, he had been responsible for developing and facilitating national PPP policy, sector initiatives and transactions structuring and portfolio for private sector investment in infrastructure. He has done extensive research work on corporate governance in Pakistan and has played an important role in implementing United Nations Development Program (UNDP) project on corporate governance with the Securities and Exchange Commission of Pakistan (SECP). He is also the recipient of CIDA's President Award of Excellence awarded by the Canadian government in recognition of his work as Development Economist on debt

swap. He started his career with PTCL working as Financial Analyst in the Project Finance department.

Mr. Mahmood holds MBA from Bangor University and MSc Finance and Economics degree from London School of Economics and Political Science (LSE), UK and MSc Economics from Quaid-i-Azam University Islamabad. He has also attended leadership, investment and risk management executive education courses at Harvard Business School and INSEAD. He has also passed Financial Derivatives course by CISI, UK. He has also attended Enhancing Board Effectiveness-Directors Training Programme from Lahore University of Management Sciences (LUMS). Shahnawaz has previously served as Director on the Board of Directors of the following entities (including various committees):

1. Pak China Investment Company
2. Pakistan Stock Exchange (PSX)
3. Central Depository Company (CDC)
4. National Clearing Company (NCCPL)
5. Pakistan Mercantile Exchange (PMEX)

He is currently Director of the following:

1. Swift Biz Solutions Private Limited
2. Finnect Private Limited
3. Growtech Services Private Limited
4. OilBoy Energy Limited

Executive Management



Mr. Amir Zia

Chief Executive Officer

Mr. Amir Zia is serving as Chief Executive/ Managing Director of LSE Financial Services Limited. He is a Chartered Management Accountant by Qualification, having qualified CIMA – UK exams. Since qualifying, he has obtained vast experience in various strata of the field of finance including strategic planning, industry analysis, financial and economic analysis, project evaluation and management, treasury management as well as international trade and finance.

Mr. Zia previously served as the Group Chief Financial Officer of Treet Group of Companies and played an instrumental part in the expansion & diversification of Treet Corporation Limited. Experienced in strategic level leadership and development of long-term plans for market institutions, entities and social/private sector initiatives.



Mr. Ghulam Mustafa

Chief Financial Officer

Mr. Ghulam Mustafa is serving at LSE Financial Services Limited since 2006. He is MBA Finance and CIMA (Finalist). He has more than 17 years of experience in the field of Accounting & Finance. Before joining LSE, he has served as an auditor in the health department of Govt. of the Punjab. In 2016, after Integration of Stock Exchanges, he was promoted as CFO of LSEFSL erstwhile Lahore Stock Exchange.

Executive Management



Mr. Muhammad Usman

Company Secretary

Mr. Muhammad Usman is associated with LSE Financial Services Limited as Company Secretary. He is results-driven professional with over 12 years' experience having vast exposure in Compliance, Regulatory and Statutory Reporting. His expertise also lies in Industry Analysis, Project Evaluation, REIT Modelling, Financial Restructuring, Insurance Sector and Corporate Affairs.

Mr. Usman has worked with various national and international organizations including Securities and Exchange Commission of Pakistan, South Asian Federation of Exchanges, etc. He has been involved in certain IPO related advisory projects. On the voluntary engagement side, he has been associated with Women on Board (WOB) initiative and conducted advocacy corporate sessions on women empowerment.

He holds MBA Finance degree from Bahira University, Islamabad. He has also successfully achieved Certificate in Insurance from Chartered Insurance Institute (CII), UK.



Mr. Inam Ullah

Head of Legal

Mr. Inam Ullah is Law graduate and has over thirteen years of experience in the legal profession. He is currently working as Head of Legal at LSE Financial Services Limited. He had worked at two pre-eminent law firms namely Brains Law Associates and Allied Legal Services.

He has vast experience in legal matters relating civil, arbitration & litigation, agreements, SECP, CDC, FIA & NAB matters, capital market and corporate matters. He has been a Non-Executive Director of the Service Fabrics Limited. He has served as the Chief Executive Officer of Drekkar Kingsway Limited. He has also served as Company Secretary at Data Textile Limited, Oilboy Energy Limited and Amber Capacitors Limited.

“If you don't build your dream, someone else will hire you to help them build theirs.”

Policies

Risk Management Policy

The Board plays a key role in risk management principally through the Risk Management Committee. Programs have been established to consider and manage operational, strategic, technological, scientific, reputation, environmental health and safety and other risks to the Company's businesses.

These are reviewed with the committees on a regular basis.

All operational units incorporate Risk Management into their planning process:

- To minimize risk within the Company
- To ensure Risk Management is incorporated into the corporate governance systems and management structure of the Company
- To ensure that significant Risks within the Company are identified and appropriate strategies are in place to manage them
- To develop effective and efficient Risk Management procedures

Strategic Planning

It is company's mainstay policy to position itself strategically by delivering superior investment services. We are not afraid to continually challenge conventional wisdom and actively encourage change in order to pursue growth. We trust capital market as a catalyst to economic growth. We are committed to deliver the full range of our capabilities, knowledge and resources to develop capital market and to meet the needs of our clients.

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.
2. To identify and consider opportunities for the Company to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.
4. To ensure that the Company has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

Information System and Control

Management of the Company believes that they are responsible for providing accurate financial information, both externally and internally. The control environment is the foundation for the other components of internal control. It is the attitude set by management regarding the importance of establishing and maintaining control.

To ensure that the plans of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies, that relate only indirectly to the financial records, are continuously updated and functional; and to ensure that Administrative Controls, which includes such controls as physical safeguarding of assets, time and motion studies, performance reports, employee training programs, and organizational controls etc. are operational.

Our Mission

"Our mission is to serve as a trusted partner to our clients and counterparts, by efficiently, providing financial services that enable growth and economic progress".

Our Vision

"To build an institution which contributes, to strengthening local businesses, creating and sustaining jobs, improving clients' living standards and enhance, shareholders' value".



Policies

Principle

We will base our human resources systems on our proven principles reflective of our core values and our commitment to attract, reward, develop and motivate sophisticated people. They will be the reflection of our business while demonstrating responsibility and flexibility with respect to cultural diversity, and statutory and regional business realities.

Emphasis

To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, investment services, while ensuring sound financial and sustainable growth of the Company for the sake of its stakeholders and reputation.

Social Responsibility

We will continually strive to be environmentally responsible and support the communities where we operate and the industries in which we participate.

Corporate Value

- Customer Oriented
- Long-Term Business Focus
- Technology Oriented
- Quality & Reliability
- Staff Development & Teamwork
- Effective Resources & Cost Management
- Socially Responsible

“We strongly believe that stock markets are catalyst to economic growth and development through access to finance (primary market) by perpetual funding augmented with reduction of financial risk.”

Guidelines to Business Conduct

Employees

No one should ask any employee to break the law, or go against the Company policies and values. We treat all employees equally and fairly. We do not tolerate any form of harassment. Information and necessary facilities are provided to perform jobs in a safe manner. Employees must not use, bring, or transfer illegal drugs or weapons on Company's property. Employees should report suspicious people and activities.

Business Partners

Avoid conflict of interest and identify situations where they may occur. Do not accept or give gifts, favors, or entertainment if it will appear to obligate the person who receives it. Use and supply only safe, reliable products and services. Respect our competitors and do not use unfair business practices to hurt our competition. Do not have formal or informal discussions with our competitors on prices, markets or financial products. Market our products and services in an honest and fair manner. Do not compromise our values to make a profit.

Business Resources

Do not use inside information about the Company for personal profit. Do not give such information to others. Do not use the Company's resources for personal gain or any non-business purpose. Protect confidential and proprietary information. Do not use the Company's resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons. Do not make false or misleading entries into the companies' books or records.

Communities

Follow all laws, regulations and the Company's policies that apply to your work. Do not entice or give money or anything of value to government officials to influence their decisions. We measure and assess our performance, and are open and clear in our environmental communications. When the Company's standards are higher than what is required by local law, we meet the higher standards.

Dividend Policy

The Companies in The Company in general meeting may declare dividends; but no dividend shall exceed the amount recommended by the directors; and No dividend shall be declared or paid by a company for any financial year out of the profits of the company made from the sale or disposal of any immovable property or assets of a capital nature comprised in the undertaking or any of the undertaking of the company; and

- No dividend shall be paid by a company otherwise than out of profits of the company; and
- The Board may approve and pay to the Members such interim dividends as appears to be justified by the profits of the Company; and
- The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as they think proper as a reserve(s), which shall, at the discretion of the Board, be applicable for meeting contingencies etc.;
- and
- Company's dividend decision will be auxiliary to Company's Financing Policy

“Dream do not came true just becuse you dream them. It's hard work that makes things happen. It's hard work that creats change.”

A man with short, graying hair, wearing a blue suit jacket, a blue and white striped shirt, and a patterned tie, is sitting in a black office chair. He is looking directly at the camera with a neutral expression. The background is a plain, light-colored wall. A blue semi-transparent box is overlaid on the bottom left of the image, containing text.

DIRECTORS' REPORT

The Directors of your Company take pleasure, in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year ended June 30, 2022.

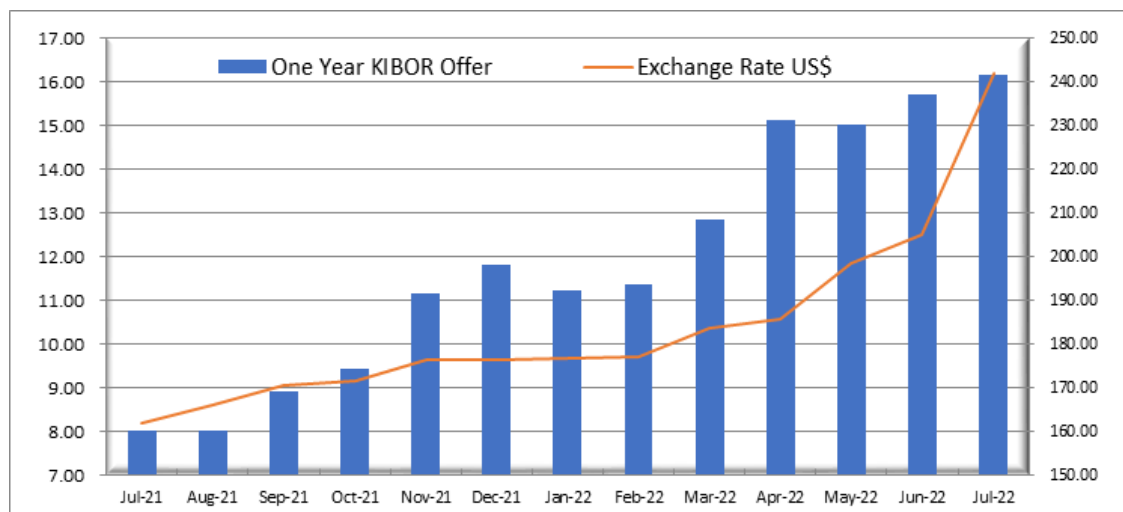
DIRECTORS' REPORT

Economic Outlook

The country has managed the Corona Pandemic very well and very rightly avoided prolonged lock-downs, which helped to keep things under control. Despite challenging conditions, it was able to achieve, real GDP growth rate of 5.97 percent in the fiscal year 2022. Agriculture sector and LSM grew by 4.40% and 10.40%, respectively and revenue collection target of over Rs 6 trillion, was achieved. But there were headwinds in certain areas and consequently, have affected their performance. Interest rates and exchange rate remained very vibrant that depicts the volatility and uncertainty in the economic system.

International commodity prices (particularly of crude oil, LNG) have caused cost-push inflation and worsened, the current account position. The Ukraine war and supply chain problems, worked to add to super high commodities price cycle. There are rising fears of global recession, which may impact, all the countries in the world. Our mega import bill, against nominal growth of exports, created a trade deficit of over \$ 17 billion. Capital markets performed well in the first four months but then have shown sluggish trading volumes and declining indices and no floatation of new IPOs was witnessed. The CPI inflation was recorded at 12.20 percent, as against 8.90 percent during the same period last year. It created certain imbalances, on different counts. The current high SBP's Policy Rate of 15%, heightened volatility, the size of national debt, its servicing and currency depreciation, etc, have created unprecedented problems.

Political instability in the Country and change of government, further led to a huge increase in economic uncertainty. Our presence in FATF's grey-list and resumption of IMF's Facility, are the other burning issues, which are, hopefully, nearing resolution, after lot of reforms work, being carried out. Uncertainty at individual, firm, and government levels is negatively affecting the economy. The current spell of record rainfall and glacier melting have caused heavy flooding, destroyed crops, damaged the infra-structure and displaced thousands of people. It will put extra burden on our very scarce resources.



Operating and Financial Results

The Board and the management of your Company, is well aware of the posed challenges and are taking all possible measures, to re-design the required solutions. Obviously, they know it well "what to do and how to do". Moreover, your Company is continually reviewing its business strategy to seize the new opportunities and cope with the prevailing challenges/threats. It has prioritized to avoid concentration-risk, endeavoring to tap alternative revenue streams and is trying hard to add to shareholders' value. Currently, the Company has decided to continue with its investments and other business activities and benefits from the established revenue streams. Additional resources were created, through issuance of 40% right issue, for expanding its business.

DIRECTORS' REPORT

	FY 2021-22 Rs. in 000	FY 2020-21 Rs. in 000	% Change
Room maintenance services	25,651	25,242	1.62%
Fund and operational management fee	22,050	21,500	2.56%
Software services	3,967	3,431	15.62%
Less: PRA sales tax	(6,854)	(6,652)	3.04%
	44,814	43,521	2.97%
Revenue from Margin Trading System of NCCPL	50,533	40,308	25.37%
Investment properties - rental income	52,666	46,242	13.89%
Other Income	26,880	23,103	16.35%
	174,893	153,174	14.18%
Share of profit of associates accounted for using the equity method - net of tax	202,021	243,686	-17.10%
Dividend Income	176,592	123,852	42.58%
Share of Profit	25,429	119,834	-78.78%
Total Revenue	376,914	396,860	-5.03%

Interest rate hike would have positive impact on interest income (on bank deposits/ MTS), but sluggish capital market activities has affected share of profit of associates (of NCCPL). However, dividend income remained healthy from the associated companies.

	FY 2021-22 Dividend Income	FY 2021-22 Share of Profit	FY 2020-21 Dividend Income	FY 2020-21 Share of Profit
NCCPL	101,329	85,035	35,122	143,987
PACRA	29,513	32,932	55,002	23,426
CDC	45,750	84,054	33,728	76,273
	176,592	202,021	123,852	243,686

Profitability Analysis

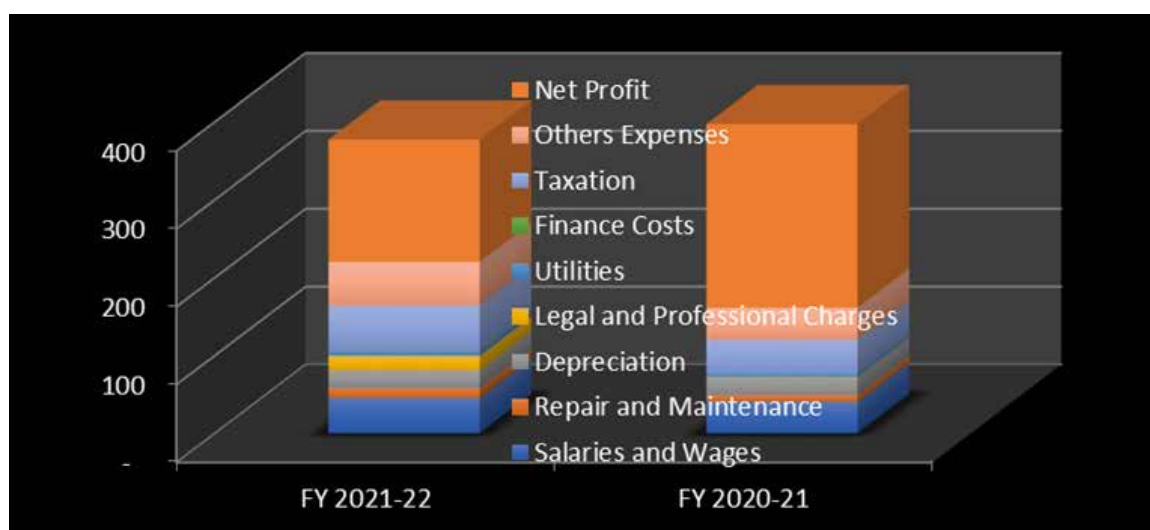
Profit Analysis	Rs. in 000
Change in Net Profit - reduced over last year	(78,711)
Due to	
Share of profit of associates	(41,665) mainly due to decrease in NCCPL's profits
Revenue Income	21,719 due to increased interest rates (MTS income)
Expenses	(58,765) legal and professional charges on account of right issue (78,711)

DIRECTORS' REPORT

Earnings per share is Rs. 1.05 in the FY 2021-22 as compared to Rs. 1.60 in the FY 2020-21 (restated).

Distribution of Income

Distribution of Revenue	FY 2021-22 Rs. in 000	FY 2020-21 Rs. in 000	% Change
Salaries and Wages	45,349	40,421	12.19%
Repair and Maintenance	12,279	8,305	47.85%
Depreciation	23,180	22,806	1.64%
Legal and Professional Charges	18,491	588	3044.73%
Utilities	7,244	4,527	60.02%
Finance Costs	458	96	377.08%
Taxation	56,821	43,159	31.66%
Others Expenses	55,821	40,976	36.23%
Net Profit	157,271	235,982	-33.35%
	376,914	396,860	-5.03%



Ratio Analysis		FY 2021-22	FY 2020-21
Current Ratio	times	4.74	4.22
Debt Equity Ratio	times	0.11	0.09
No. of Shares Outstanding	Nos.	179,597,900	128,284,200
Book Value	Rs./Share	19.44	24.33
EPS*	Rs./Share	0.88	1.84
Dividend per Share*	Rs./Share	1.68	0.70

*based on shares outstanding at the year end.

DIRECTORS' REPORT

Above ratios depicts strong financial position of the Company.

Cashflow Synopsis	FY 2021-22 Rs. in 000	FY 2020-21 Rs. in 000
Opening Cash and Bank (including Financial Assets)	586,960	484,599
Net cash generated from operating activities	(23,348)	20,133
Dividend Received	176,592	123,852
Dividend Paid	(301,468)	(89,800)
	(124,876)	34,052
Right Issue	513,137	-
Equity Investments	(175,822)	
Capital Expenditure	(37,692)	(21,022)
Other Activities	6,808	68,028
UnPaid Dividend	69,059	1,170
Closing Cash and Bank (including Financial Assets)	814,226	586,960

Increased in Share Capital

Right Issue is made during the year as follows.

Right Issue	Nos.	51,313,680
Right Price	Rs./Share	10.00
Right Proceeds	Rs. in 000	513,137
Right Issue	%	40.00%

The purpose of the Right Issue was to create cost-free resources and make strategic investments, venture capital investments, private equity, IPO Support Fund and diversification.

External Auditors

The present auditors, M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Company for another term at mutually agreed remuneration.

Internal Financial Control

During the period under review, the Company completely outsourced its Internal Audit function to M/s. Kreston Hyder Bhimji & Co, Chartered Accountants.

Your Company has maintained effective system of Internal Controls.

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements, and

DIRECTORS' REPORT

accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.

Credit Rating

During the period, JCR-VIS Credit Rating Company Ltd. re-affirmed entity ratings as A/A-1 to LSEFSL. Outlook on the assigned ratings is 'Stable'.

Cash Dividend Paid

During the year, the Company has paid the following dividend to the shareholders.

Date of Board of Directors' Meeting when dividend is declared	Rate of Dividend Rs./Share	No. of Shares Outstanding on which dividend is paid	Amount of Dividend (Rs. in 000)
October 07, 2021	0.90	128,284,200	115,456
February 23, 2022	0.75	128,284,200	96,213
June 27, 2022	0.50	179,597,880	89,799

It has paid the highest dividend so far, in any financial year. No further dividend is being proposed by the Board of Directors in the meeting held on August 25 2022.

Provident Fund

Defined Contributory Plan i.e. the Provident Fund is being maintained by Company through the Trustees of the Provident Fund Trust, which is audited on annual basis. It is fully funded and values of investments (in Rs. ,million) of employees' retirement funds as per audited accounts for the year ended on June 30, 2022 is as follows:

Provident Fund Trust Rs. 9.709 million (2021: Rs. 12.867 million)

Election of Directors

The tenure of previous Board ended on February 28, 2022 and accordingly, new election was held on February 28, 2022 to elect eleven (as number of directors was fixed by the Board) directors of the Company for next term of three years commencing from March 01, 2022.

The following directors were elected in the extraordinary general meeting held on February 28, 2022.

- | | | | |
|---------------------|---------------------|------------------------|-------------------------|
| 1. Zahid Latif Khan | 2. Aftab Ahmad Ch. | 3. Muhammad Iqbal | 4. Salman Majeed Sheikh |
| 5. Huma Ejaz | 6. Ammar-ul-Haq | 7. Omar Khalil Malik * | 8. Rizwan Sheikh* |
| 9. Khalid Waheed | 10. Asif Baig Mirza | 11. Shahnawaz Mahmood | |

*Mr. Omar Khalil Malik and Mr. Rizwan Sheik were subsequently replaced by Mr. Rizwan Ejaz and Mr. Yaser Manzoor respectively.

DIRECTORS' REPORT

The Board of directors in their meeting held on February 28, 2028 has elected Mr. Zahid Latif Khan as Chairman and appointed Mr. Amir Zia (non-director) as a Chief Executive Officer of the Company.

Compliance of Secretarial standards

The Company has complied with all the applicable requirements, on this count.

Material Changes and commitments

There is no material change and the commitments, other than already disclosed, till date.

Human Resources

The Company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment. Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits. Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

Future Outlook

The Company is very vigilantly monitoring its investments in associates and other strategic investments and will always endeavor for their optimization. Further, it is moving towards the adherence of regulatory requirements, despite certain legacy issues. It has proposed to the shareholders of the following Scheme of Compromises, Arrangement and Reconstruction for Demerger/Split of LSE FINANCIAL SERVICES LIMITED (and its Members) with and into

1. LSE VENTURES LIMITED (and its Members)
2. LSE PROPTECH LIMITED (and its Members)
3. SE FINANCIAL SERVICES LIMITED (and Its Members)

Along with Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger of DATA TEXTILES LIMITED (and its Members) with and into

1. LSE VENTURES LIMITED (and its Members)
2. LSE PROPTECH LIMITED (and its Members)

Objectives and benefits to the Company and to the Shareholders are fully explained in the attached Notice of Annual General Meeting and accompanying Notice (along with the Scheme) to the Members (STATEMENT OF INFORMATION) under Section 281(1)(A) / 134(3) of The Companies Act, 2017.

In nutshell, the benefits of the Scheme of Arrangement, shall include but are not limited to the following:

- De-bundling of business unit and exploration of value;
- Additional Funds Raising from Capital Market;
- Value creation for the Shareholders;
- Increasing/spreading the operating activities beyond the ambit of NBFC Rules and Regulations;

DIRECTORS' REPORT

Strategic Investments

Your Company has made following strategic investment during the year.

	Type of Investment	Investment Amount in Rs. 000	No. of Shares
Pakistan General Insurance Limited	Equity Investment	59,210	4,860,000
Digital Custodian Company Limited	Equity Investment	60,000	1,110,000
LSE Proptech Limited	Equity Investment	56,613	5,000,000

Moreover, your Company has intended to increase its equity stake to 51%, in the Pakistan Mercantile Exchange Limited (PMEX).

Company/ Undertaking	Current Holding No. of Shares	Total No. of Shares	%holding Current	Intended holding to Increase up to (%)
PMEX	2,272,727	31,355,162	7.25%	51%

Pattern of Shareholding and Notice of Annual General Meeting

The pattern of shareholding of your Company as on June 30, 2022 is annexed with this Report. Notice of Annual General Meeting along with Statement of Information/ Facts under Section 281(1)(A) / 134(3) of The Companies Act, 2017 and the Scheme of Merger/Demerger/Amalgamation is attached with the report.

Acknowledgement

Your Directors would like to express their sincere appreciation, for the assistance and cooperation received from SECP ,all the government authorities, banks, associates, member and all the counterparts, during the period under review. Further, the directors, would, also like to place on record their deep appreciation, for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board



Amir Zia
Chief Executive Officer

Dated: August 25, 2022
Place: Lahore



FINANCIAL **STATEMENTS**

For the year ended June 30, 2022

INDEPENDENT AUDITERS' REPORT

TO THE MEMBERS OF LSE FINANCIAL SERVICES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of LSE FINANCIAL SERVICES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The

other information comprises the information included in the director's report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

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

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

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

and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 06, 2021.

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



CROWE HUSSAIN CHAUDHURY & CO. I

Chartered Accountants

Lahore

Dated: August 30, 2022

UDIN: AR202210051kN3Z7HFwz

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 (Rupees in thousand)	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,278,432	1,266,706
Intangible assets - capital work in progress		331	-
Investment property	6	378,431	378,431
Investments accounted for using the equity method	7	1,146,981	1,115,605
Net investment in finance lease	8	4,280	4,281
Long term deposits	9	3,974	1,474
		2,812,429	2,766,497
Current assets			
Inventory		1,314	1,765
Short term investments	10	895,157	507,136
Trade and other receivables	11	15,431	9,473
Advances and prepayments	12	7,529	2,471
Tax refunds due from the Government - net	13	41,886	39,770
Cash and bank balances	14	94,891	79,824
		1,056,208	640,439
		3,868,637	3,406,936
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED SHARE CAPITAL			
200,000,000 (2021: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	15	1,795,979	1,282,842
Surplus on reserve of property, plant and equipment	16	774,569	776,227
REVENUE RESERVES:			
- Building reserve fund	17	3,829	1,425
- Unappropriated profit		917,101	1,060,658
		920,930	1,062,083
Total Equity		3,491,478	3,121,152
Non-Current Liabilities			
Long term financing	18	5,870	6,157
Deferred tax	19	148,497	127,697
		154,367	133,854
Current liabilities			
Trade and other payables	20	103,300	99,646
Current portion of long term financing	18	1,924	1,539
Unpaid dividend		93,202	26,460
Unclaimed dividend		10,233	7,917
		208,659	135,562
Deposits payable related to discontinued operations	21	14,133	16,368
Contingencies and commitments	22	-	-
		3,868,637	3,406,936

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
REVENUE	23	148,013	130,073
OTHER INCOME	24	26,880	23,103
OPERATING EXPENSES			
Administrative and general expenses	25	(151,983)	(108,833)
Other operating expenses	26	(10,381)	(8,792)
OPERATING PROFIT		12,529	35,551
Finance cost	27	(458)	(96)
Share of profit of associates accounted for using the equity method - net of tax	7	202,021	243,686
PROFIT BEFORE TAXATION		214,092	279,141
Taxation	28	(56,821)	(43,159)
NET PROFIT FOR THE YEAR		157,271	235,982
EARNINGS PER SHARE - BASIC AND DILUTED	29	1.05	1.60 (Restated)

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



STATEMENT OF COMPREHENSIVE INCOME

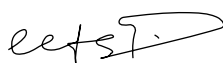
For the year ended June 30, 2022

	2022	2021
	(Rupees in thousand)	
NET PROFIT FOR THE YEAR	157,271	235,982
Other Comprehensive Income / (Loss)		
Items that may be subsequently reclassified to profit or loss		
Reclassification of unrealized gain on investments classified as available for sale through profit or loss	-	(6,991)
Impact of deferred tax	-	2,027
	-	(4,964)
Items that will never be reclassified to profit or loss:		
Share of other comprehensive income of associates	-	(303)
Actuarial loss on employees' retirement benefits net of tax- associates	-	(215)
	-	(518)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	157,271	230,500

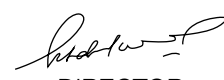
The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Share Capital	Surplus on Revaluation of Property, Plant And Equipment	Capital Reserves	Revenue Reserves			Total Equity
			Fair Value Reserve - Associates	Building Reserve	Un-appropriated Profit	Total	
----- (Rupees in thousand) -----							
Balance as at July 01, 2020	1,282,842	786,403	4,964	-	906,243	906,243	2,980,452
Net profit for the year	-	-	-	-	235,982	235,982	235,982
Other comprehensive loss - net of tax	-	-	(4,964)	-	(518)	(518)	(5,482)
Total comprehensive loss for the year	-	-	(4,964)	-	235,464	235,464	230,500
Transfer of revaluation surplus realized on property, plant and equipment to retained earnings - associate	-	(8,505)	-	-	8,505	8,505	-
Transferred to building reserve fund	-	-	-	1,425	(1,425)	-	-
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,671)	-	-	1,671	1,671	-
Transaction with owners:							
Cash dividend paid @ Rs. 0.70 per share for the year ended June 30, 2020	-	-	-	-	(89,800)	(89,800)	(89,800)
Balance as at June 30, 2021	1,282,842	776,227	-	1,425	1,060,658	1,062,083	3,121,152
Net profit for the year	-	-	-	-	157,271	157,271	157,271
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	157,271	157,271	157,271
Transferred to building reserve	-	-	-	1,018	(1,018)	-	-
Amount collected from building occupants for fixed assets replacement fund	-	-	-	1,386	-	1,386	1,386
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,658)	-	-	1,658	1,658	-
Transaction with owners:							
Right issue of shares	513,137	-	-	-	-	-	513,137
Cash dividends							
Rs. 0.90 per share for the year ended Jun 30, 2021 (Final)	-	-	-	-	(115,456)	(115,456)	(115,456)
Rs. 0.75 per share for the half year ended Dec 31, 2021 (Interim)	-	-	-	-	(96,213)	(96,213)	(96,213)
Rs. 0.50 per share for the nine month period ended March 31, 2022 (Interim)	-	-	-	-	(89,799)	(89,799)	(89,799)
	-	-	-	-	(301,468)	(301,468)	(301,468)
Balance as at June 30, 2022	1,795,979	774,569	-	3,829	917,101	920,930	3,491,478

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



STATEMENT OF CASH FLOWS


For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Cash Generated from Operations	30	17,038	59,868
Employees' welfare fund paid		(272)	(193)
Earned leaves paid		(1,545)	(389)
Finance cost paid		(431)	(96)
Income tax paid		(38,138)	(39,057)
Net Cash (Used in) / Generated from Operating Activities		(23,348)	20,133
Cash flows from investing activities			
Operating fixed assets purchased		(32,467)	(21,022)
Capital work in progress		(5,225)	
Proceeds from disposal of property, plant and equipment		4,284	166
Net investment in finance lease - rentals		344	345
Investments made during the year		(570,853)	(92,115)
Investments matured during the year		177,661	50,667
Long term deposits paid		(2,500)	
Profit received on saving bank accounts and term deposits		9,753	9,000
Dividend received		176,592	123,852
Net Cash (Used in) / Generated from Investing Activities		(242,411)	70,893
Cash flows from financing activities			
Dividend paid		(232,409)	(88,630)
Receipt from right issue of shares		513,137	-
Long term financing paid		(1,826)	-
Receipt of long term financing		1,924	7,696
Net Cash Generated from / (Used in) Financing Activities		280,826	(80,934)
Net Increase in Cash and Cash Equivalents		15,067	10,092
Cash and cash equivalents at the beginning of the year		79,824	69,732
Cash and Cash Equivalents at the end of the Year		94,891	79,824

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

1 LEGAL STATUS AND ITS NATURE OF BUSINESS

1.1 Legal status and operations

LSE Financial Services Limited ("the Company") was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the Companies Act, 1913 (now the Companies Act, 2017) on October 05, 1970 as a Company limited by guarantee. The Company was re-registered as a public Company limited by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. The registered office of the Company is situated at 19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan. Securities and Exchange Commission of Pakistan ("the Commission") vide its notification dated August 25, 2015 directed integration of the stock exchanges in the country. Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations and was granted a license by the Commission on January 11, 2016 to operate as an investment finance services company under the name LSE Financial Services Limited.

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

1.2 Discontinuing Operations

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

The JCR-VIS Credit Rating Company Limited reaffirmed long term and short term credit ratings of the Company as "A" and "A-1" respectively with stable outlook on December 21, 2021.

The Company has obtained sufficient insurance coverage against losses that may be incurred as a result of employees' fraud or gross negligence.

These financial statements are of the individual entity i.e. LSE Financial Services Limited.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, and the NBFC Regulations have been followed.

2.2 Standards, interpretations and amendments to published approved accounting standards

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after July 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant.

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.2.3 Standards, interpretation and amendments to 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Standard or Interpretation	Effective Date (Period beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Company has assessed that the impact of these amendments is not expected to be significant.

2.3 Functional and presentation currency

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

2.4 Basis of measurement

These financial statements have been prepared following accrual basis of accounting except for cash flow statement. These financial statements are prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following items in the statement of financial position:

Certain property, plant and equipment	Stated at revalued amount
Certain investments	Stated at fair value

2.5 Use of estimates and judgments

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

- Useful lives, residual values and depreciation method of property, plant and equipment - Note 3.1 & 5
- Fair value of investment property - Note 3.4 & 6
- Fair value of equity shares - Note 3.6, 7
- Provision against doubtful trade and other receivables - Note 3.8 & 11
- Impairment loss of non-financial assets - Note 3.9.1 & 29



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- Estimation of provisions and contingent liabilities - Note 3.17, 3.2 & 22
- Estimation of
- Current income tax expense, provision for current tax and recognition of deferred tax asset / liabilities - Note 3.2 & 27

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Measurement

All property, plant and equipment except freehold land are stated at cost / revalued amount less accumulated depreciation and identified impairment loss, if any. Freehold land is stated at revalued amount, being the fair value at the date of their revaluation, less subsequent accumulated impairment losses, if any.

Depreciation

Depreciation on all depreciable assets is charged to statement of profit or loss on the reducing balance method so as to write off the depreciable amount of an asset over its economic useful life using the annual rates mentioned in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in profit or loss. In case of sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to retained earnings.

Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less identified impairment losses, if any. These are transferred to specific assets as and when these are available for their intended use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Any revaluation increase arising on the revaluation of freehold land and building on freehold land is recognized in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land and building on freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. Surplus on revaluation of building on freehold land, to the extent of incremental depreciation charged (net of deferred tax) is transferred to retained earnings. Revaluation is carried out every 3 to 5 years depending on fluctuations in market value of property, plant and equipment.

Useful lives, residual values and depreciation methods are reviewed on a regular basis. The effect on any change in estimate is accounted for on a prospective basis.

3.2 Taxation

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

Current

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Deferred

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

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

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

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

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

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

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

Off-setting

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

3.3 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, which are included in the financial statements as "net investment in finance leases".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

3.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, and is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis after initial recognition are measured at fair value, at each reporting date. The changes in fair value are recognized in the statement of profit or loss. The fair value of investment property is determined at each reporting date using current market prices for comparable real estate, adjusted for any differences in nature, location and condition. Fair value gain / loss is included in other income.

3.5 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

3.6 Investments accounted for using the equity method

The Company's interest in equity-accounted investees represents interest in associates. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. These are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

3.7 Inventory

Inventory represents usable stores and spares and are valued principally on First in First Out Basis (FIFO), while items considered obsolete are carried at nil value.

3.8 Trade and other receivables

Measurement

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

Impairment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

3.9 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.

3.9.1 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 amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

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

3.9.2 Financial liabilities

a) Initial recognition and measurement

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

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in 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.

Equity-accounted investee

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Impairment of non-financial assets

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

3.10 Fair value measurement

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

Level 1

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

Level 2

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

Level 3

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

3.11 Long term deposits

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

3.12 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. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

3.13 Borrowings and related costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the EIR method.

Borrowing costs are accounted for on the basis of the EIR method and are included in finance costs which are charged to income in the period in which these are incurred, except borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowings are reported under accrued finance costs to the extent of the amount remaining unpaid and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.14 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.

3.15 Provisions

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

3.16 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

3.17 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.

3.18 Revenue recognition

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

Room maintenance services / Software services

Revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable within 10 days from the invoice date.

Funds management fee

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

Finance lease income

The Company follows the 'financing method' in accounting for recognition of finance lease. The total unearned finance income i.e. the excess of minimum lease payments over the cost of the leased asset is deferred and then amortized over the term of the lease, so as to produce a systematic return on the net investment in finance leases.

Return on MTS investments and fixed income securities

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

Rental income

Rental income from investment property is recognized in profit or loss on a straight-line basis over the lease term.

Other income

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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.

3.19 Dividend

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

3.20 Earnings per share (EPS)

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

4 EFFECT OF CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The application of IFRS 9 has no material impact on the Company's financial statements and no restatement was required in this regard except for the following reclassifications.

	Loans and receivable under IAS 39	Reclassified as per IFRS 9	
		Fair Value through Profit or Loss	At amortised Cost
		Rupees in thousands	
Net investment in finance lease	4,281	-	4,281
Long term deposits	1,474	-	1,474
Debt instruments	488,050	-	488,050
Trade and other receivables	9,473	-	9,473
Advances to employees against salaries	300	-	300
Cash and bank balances	79,824	-	79,824

The adoption has fundamentally changed the Company's accounting for impairment losses for financial assets. IFRS 9 requires the Company to recognize an allowance for Expected Credit Loss for all debt instruments not held at fair value through profit or loss and contract assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	1,272,737	1,265,905
Capital work-in-progress	5.2	5,695	801
		1,278,432	1,266,706

Measurement of fair values

The Company obtains independent valuations for its freehold land and building (classified as property, plant and equipment) every three to five years. The valuation is conducted by an independent valuer who is approved by Pakistan Banks' Association (PBA). Latest revaluation was carried out on June 30, 2019.

Valuation techniques

Freehold land

The valuer determined the fair value of freehold land based on the market comparable approach that reflects transaction prices for similar properties in the area. The key observable inputs under this approach are the price per square feet from current year sales of comparable lots of land in the area (location and size). Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered other relevant factors as well.

Building on freehold land

The valuer used a cost approach (i.e. current replacement values) for building on freehold land to arrive at the fair value. Construction specifications were noted for each building and structure and new construction rates were applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

The effect of changes in the observable inputs used in the valuations cannot be determined with certainty; consequently, a qualitative disclosure of sensitivity has not been presented in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

51 Operating fixed assets

Particulars	Cost / Revalued Amounts				Accumulated Depreciation						
	As at July 1, 2021	Additions	Disposals	Transfer to Investment Property	Balance as at June 30, 2022	Rate	As at July 1, 2021	Charge for the year	Adjustments	Balance as at June 30, 2022	Written Down Value as at June 30, 2022
	Rupees in thousand				Rupees in thousand				%		
Owned assets											
Land freehold	1,059,660	-	-	-	1,059,660	-	-	-	-	-	1,059,660
Buildings on freehold land	119,460	611	-	-	120,071	5%	10,097	5,475	-	15,572	104,499
Computer and accessories	51,355	4,261	(20,813)	-	34,803	30%	49,481	873	(20,334)	30,020	4,783
Furniture and fixture	13,867	3,549	(2,336)	-	15,080	10%	9,420	468	(1,437)	8,451	6,629
Office equipment	7,351	-	(720)	-	6,631	20%	6,894	81	(561)	6,414	217
Electric fittings and appliances	136,630	2,187	(2,140)	-	136,677	20%	73,701	12,225	(2,056)	83,870	52,807
Vehicles	3,345	20,317	(2,141)	-	21,521	20%	2,513	807	(1,508)	1,812	19,709
Elevator	19,969	-	-	-	19,969	20%	12,931	1,290	-	14,221	5,748
Generators	34,206	-	-	-	34,206	10%	17,573	1,659	-	19,232	14,974
Arms and security equipment	5,316	1,542	(648)	-	6,210	10%	2,646	301	(447)	2,500	3,710
Library books	318	-	-	-	318	25%	316	1	-	317	1
Leasehold improvements	5,697	-	-	-	5,697	20%	5,697	-	-	5,697	-
	1,457,174	32,467	(28,798)	-	1,460,843		191,269	23,180	(26,343)	188,106	1,272,737

Particulars	Cost / Revalued Amounts				Accumulated Depreciation						
	As at July 1, 2020	Additions	Disposals	Transfer from CWIP	Balance as at June 30, 2021	Rate	As at July 1, 2020	Charge for the year	Adjustments	Balance as at June 30, 2021	Written Down Value as at June 30, 2021
	Rupees in thousand				Rupees in thousand				%		
Owned assets											
Land freehold	1,059,660	-	-	-	1,059,660	-	-	-	-	-	1,059,660
Buildings on freehold land	95,139	150	-	24,171	119,460	5%	4,757	5,340	-	10,097	109,363
Computer and accessories	50,982	588	(215)	-	51,355	30%	48,951	705	(175)	49,481	1,874
Furniture and fixture	13,867	-	-	-	13,867	10%	8,926	494	-	9,420	4,447
Office equipment	7,351	25	(25)	-	7,351	20%	6,793	113	(12)	6,894	457
Electric fittings and appliances	116,835	-	(94)	19,889	136,630	20%	61,721	12,064	(84)	73,701	62,929
Vehicles	3,345	-	-	-	3,345	20%	2,305	208	-	2,513	832
Elevator	19,969	-	-	-	19,969	20%	11,171	1,760	-	12,931	7,038
Generators	34,206	-	-	-	34,206	10%	15,725	1,848	-	17,573	16,633
Arms and security equipment	4,213	1,103	-	-	5,316	10%	2,373	273	-	2,646	2,670
Library books	318	-	-	-	318	25%	315	1	-	316	2
Leasehold improvements	5,697	-	-	-	5,697	20%	5,697	-	-	5,697	-
	1,411,582	1,866	(334)	44,060	1,457,174		168,734	22,806	(271)	191,269	1,265,905

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
5.1.1	Had the revaluation of these assets not been made, the carrying value of these assets as at the reporting date would have been as under:		
	Freehold land	362,013	362,013
	Building on freehold land	94,738	95,291
		456,751	457,304

		Forced sale value (Rupees in thousand)	Assessed sale value
5.1.2	Forced sale value and assessed value of these fixed assets as at the date of revaluation (i.e. June 30, 2019) was as under:		
	Freehold land	900,711	1,059,660
	Building on freehold land	80,527	94,738
		981,238	1,154,398

	Note	2022 (Rupees in thousand)	2021
5.2	Capital work in progress		
	Opening balance	801	25,651
	Additions during the period	4,894	19,210
		5,695	44,861
	Transfers during the year	-	(44,060)
	Closing balance	5,695	801

5.2.1 This represents capital expenditure incurred in respect of construction of building and for installation of solar equipment.

6 INVESTMENT PROPERTY (AT FAIR VALUE)

Carrying value		378,431	378,431
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6.1 This represents office spaces in LSE Towers representing 25,018 square feet. Latest fair value of investment property was determined by an external, independent property valuers M/s Unicorn International Surveyors as on June 30, 2022, having recognition on the panel of NBFI and Modarba Association of Pakistan. The valuer used a market comparable approach to arrive at the fair value. The key observable inputs under this approach are the price per square feet from current year sales of comparable commercial properties in the area (location and size). As at the reporting date, there was no significant change in the value of land and building as certified by the valuer (2021: Nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 6.2 Forced sale value of the investment property is assessed at Rs. 321.166 million (2021: Rs. 321.666 million) as at the reporting date.

	Note	2022 (Rupees in thousand)	2021
7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
The Pakistan Credit Rating Agency Limited (PACRA)	7.1	60,689	51,323
Central Depository Company of Pakistan Limited (CDC)	7.2	584,521	546,217
National Clearing Company of Pakistan Limited (NCCPL)	7.3	501,771	518,065
		1,146,981	1,115,605

7.1

	2022			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	----- Rupees in thousands-----			
Opening balance	51,323	546,217	518,065	1,115,605
Share of profit for the year	32,932	84,054	85,035	202,021
Fair value gain	5,947	-	-	5,947
Dividend received during the year	(29,513)	(45,750)	(101,329)	(176,592)
Closing balance	60,689	584,521	501,771	1,146,981
Shareholding in %age	36.00%	10.00%	23.53%	

	2021			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	----- Rupees in thousands-----			
Opening balance	83,202	504,103	408,984	996,289
Share of profit for the year	23,426	76,273	143,987	243,686
Share of other comprehensive income of associate	(303)	(431)	216	(518)
Dividend received during the year	(55,002)	(33,728)	(35,122)	(123,852)
Closing balance	51,323	546,217	518,065	1,115,605
Shareholding in %age	36.00%	10.00%	23.53%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 7.2 These are locally incorporated companies. The country of incorporation / registration of these companies is also their principal place of business. The Company has significant influence on associates due to its representation on the Board of Directors of investees and consequently, they have been treated as associates according to the requirements of IAS 28 'Investment in Associates'. Therefore, investments in these associates have been accounted for under the equity method. The shares of these associates are not listed on stock exchange, hence published price quotes are not available. Shares of all the associated companies have a face value of Rs. 10 each.
- 7.3 The investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.
- 7.4 The company has the following ownership interest in associates:

	2022		2021	
	Share held	%age	Share held	%age
The Pakistan Credit Rating Agency Limited (PACRA)	2,683,044	36.00%	2,683,044	36.00%
Central Depository Company of Pakistan Limited (CDC)	30,000,000	10.00%	25,000,000	10.00%
National Clearing Company of Pakistan Limited (NCCPL)	23,730,462	23.53%	23,730,462	23.53%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

Principal activity	"The Pakistan Credit Rating Agency Limited (PACRA) Pakistan	"Central Depository Company of Pakistan Limited (CDC) Pakistan	"National Clearing Company of Pakistan Limited (NCCPL) Pakistan
	To assign credit rating through impartial assessment of the credit risk associated with a particular debt instrument or an entity"	To act as depository for securities and open securities account "	Clearing and settlement of securities through the National Clearing and Settlement System (NCSS). In addition, the Company administers the working and functions of NCSS and is involved in the collection of CGT on behalf of FBR"
----- Rupees in thousands -----			
2021 - 2022			
Percentage ownership interest	36%	10%	23.53%
Non current assets	132,245	1,601,168	808,844
Current assets	271,903	5,129,430	18,534,558
Non current liabilities	7,921	225,998	109,040
Current liabilities	227,647	659,390	17,101,902
Net assets (100%)	168,580	5,845,210	2,132,460
Carrying amount of interest in associates	60,689	584,521	501,771
Revenue	318,000	2,679,680	1,311,504
Profit	91,478	840,540	361,391
Total OCI	91,478	840,540	361,391
Company shares from total comprehensive income	32,932	84,054	85,035
2020 - 2021			
Percentage ownership interest	36%	10%	23.53%
Non current assets	104,120	1,618,061	571,331
Current assets	194,177	4,748,213	29,035,215
Non current liabilities	20,117	217,005	25,670
Current liabilities	135,616	687,109	27,379,159
Net assets (100%)	142,564	5,462,160	2,201,717
Carrying amount of interest in associates	51,324	546,217	518,065
Revenue	170,705	1,974,819	1,652,908
Profit	65,074	762,727	611,930
OCI	(842)	(4,310)	917
Total OCI	64,232	758,417	612,847
Company shares from total comprehensive income	23,123	75,842	144,203

- 7.6 During the year, CDC issued 5,000,000 (2021: 5,000,000) ordinary shares as bonus shares to the Company.
- 7.7 The results of investment in associates of NCCPL have been presented based upon un-audited financial statements for the year; CDC on the basis of unaudited financials as at March 31, 2021 with 3 months projections; and PACRA based upon standalone statement of financial position and profit and loss account (2021: audited).
- 7.8 The cost of investment in associates is Rs. 10 million (2021: Rs. 10 million) for CDC; Rs. 164.414 million (2021: Rs. 164.414 million) for NCCPL; and Rs. 5.400 million (2021: Rs. 5.4 million) for PACRA.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
8			
NET INVESTMENT IN FINANCE LEASE			
Opening balance		4,281	4,282
Add: Finance income for the year		343	344
Less: Rental received during the year		(344)	(345)
Closing balance	8.2	4,280	4,281

8.1 The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Forced sale value and assessed value of these fixed assets as at the date of revaluation (i.e. June 30, 2019) was as under:		
Upto one year	344	343
Two to five years	1,376	1,374
Above five years	26,424	26,722
	28,144	28,439
Less: Discounting	(23,864)	(24,158)
Closing balance	4,280	4,281

8.2 The Company has entered into lease arrangements for lease of office spaces i.e. 106,199 square feet in North and South Towers for a lease period of 99 years. Interest rate implicit @ 8% (2021: 8%) in the lease is used as a discount factor to determine the present value of minimum lease payments.

9 LONG TERM DEPOSITS

These represent security deposits given to companies against provision of utilities and services amounting to Rs. 1.224 million (2021: Rs. 1.224 million), security deposit for MTS Trading system amounting to Rs. 0.250 million (2021: Rs. 0.250 million) and deposit for regular trade of shares amounting Rs. 2.50 million as per schedule of charges (2021: nil).

10			
SHORT TERM INVESTMENTS			
At amortised cost			
Investment in Margin Trading System of NCCPL	10.1	444,989	462,518
Government treasury bills	10.2	267,044	25,532
Fair value through profit or loss			
Listed - at market value			
Pakistan General Insurance Company Limited (PKGIL)	10.3	53,120	-
Unlisted - at cost			
Pakistan Mercantile Exchange Limited (PMEX)	10.4	19,086	19,086
Digital Clearing Company Limited (DCCL) [related party]	10.5	60,000	-
Investments in unlisted securities	10.6	918	-
Investment in subsidiary - LSE Proptech Limited	10.7	50,000	-
		895,157	507,136

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 10.1 Investment on margin Trading System of NCCPL is an undisclosed market of financees and financiers with a participation ratio of 85 to 15 carrying markup of KIBOR with spread of maximum upto 8%. (2021: 3.5%)
- 10.2 This represents investment in treasury bills having maturity upto six months carrying mark-up at 14.75% p.a. (2021: 7.60% p.a.). Lien of Rs. 26.5 million has been marked against bank guarantee issued in favour of NCCPL as margin exposure for Margin Trading System by MCB Bank Limited.
- 10.3 The Company has aquired 4,860,000 equity shares of Pakistan General Insurance Limited (PKGI), representing 10.47% equity, a Company listed on Pakistan Stock Exchange.
- 10.4 The Company holds 2,272,727 (2021: 2,272,727) equity shares of Pakistan Mercantile Exchange Limited.
- 10.5 The Company has acquired 1,110,000 equity shares of Digital Clearing Company Limited a related party, which is public unlisted entity. These shares are acquired at Rs. 54.05.
- 10.6 The Company holds 656 shares in Reckitt Benckiser Pakistan Limited and 176 share of RB Hyginene Home Pakistan Limited. Value of these shares cannot be determined (2021: same) with certainty.
- 10.7 This represents subscription money for LSE Proptech Limited (a wholly owned subsidiary)

	Note	2022 (Rupees in thousand)	2021
11 TRADE AND OTHER RECIEVABLES - CONSIDERED GOOD			
Receivables from ex-members	11.1	4,015	3,606
Other receivables:			
-From related parties - secured	11.2	2,007	1,947
-Accrued mark-up		5,746	2,774
-Tenants	11.3	3,663	1,146
Closing balance		15,431	9,473
11.1 Receivables from ex - members			
Considered good		4,015	3,606
Considered doubtful		16,462	16,131
		20,477	19,737
Less: Allowance for impairment	11.1.1	(16,462)	(16,131)
		4,015	3,606
11.1.1 Allowance for impairment			
Opening balance		16,131	15,042
Impairment loss recognised		331	7,732
Reversal of impairment loss during the year		-	(6,643)
Closing balance		16,462	16,131

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

11.1.2 Age analysis of trade receivables from ex - members

Description	Year End	Current	Past due					Total Gross
			0-30 Days	31-60 Days	61-90 Days	91-365 Days	Above 365 days	
-----Rupees in thousands-----								
Trade Receivable	June 30,2022	-	1,906	1,162	947	3,116	13,346	20,477
Trade Receivable	June 30,2021	-	1,635	530	343	6,608	10,621	19,737

		Note	2022 (Rupees in thousand)	2021
11.2	Other receivables from related parties			
	MCF Trust Fund		231	232
	IPF Trust Fund		690	683
	TCF Trust Fund		1,086	1,032
	National Clearing Company of Pakistan Limited		-	144
	Less: Allowance for impairment		-	(144)
	Central Depository Company of Pakistan Limited		-	122
	Less: Allowance for impairment		-	(122)
	Less: Allowance for impairment		-	-
			2,007	1,947

11.2.1 This represents unsecured receivable in respect of fund management services. The maximum aggregate amount outstanding at any time during the year from MCF Trust Fund, IPF Trust Fund and TCF Trust Fund was Rs. 0.464 million (2021: Rs. 0.445 million), Rs. 1.366 million (2021: Rs. 1.321 million) and Rs. 2.149 million (2021: Rs. 1.993 million) respectively at the end of a month.

11.3	Tenants			
	Considered good		3,663	1,146
	Considered doubtful		311	1,559
			3,974	2,705
	Less: Allowance for impairment	11.3.1	(311)	(1,559)
			3,663	1,146
11.3.1	Allowance for impairment			
	Opening balance		1,559	2,178
	Impairment loss recognised		-	-
	Reversal of impairment loss during the year		(1,248)	(619)
	Closing balance		311	1,559

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

11.3.2 Age analysis of other receivables from related parties:

Description	Year End	Current	Past due					Total Gross
			0-30 Days	31-60 Days	61-90 Days	91-365 Days	Above 365 days	
-----Rupees in thousands-----								
Trade Receivable	June 30,2022	521	1,756	1,055	331	311	-	3,974
Trade Receivable	June 30,2021	-	1,695	32	27	203	748	2,705

	Note	2022 (Rupees in thousand)	2021
12 ADVANCES AND PREPAYMENTS			
Unsecured - Considered good			
Advances to employees against expenses		104	100
Advances to employees against salaries		223	300
Prepayments		7,202	1,411
Others		-	660
		7,529	2,471

13 TAX REFUNDS DUE FROM THE GOVERNMENT - NET

Income tax	13.1	41,857	38,265
Sales tax		29	1,505
		41,886	39,770

13.1 Income tax			
Wealth tax paid:	13.3	10,063	10,063
- under protest		461	461
- with returns		10,524	10,524
		3,728	3,728
Less: provision for wealth tax		6,796	6,796
		75,418	66,664
Income tax deducted at source - net		(40,357)	(35,195)
Less: Provision of income tax for the year		41,857	38,265

13.2 The Income Tax Appellate Tribunal, vide its order dated June 03, 2003, for the Assessment years 1992-93 to 2000-01 accepted the contention that the Company qualifies for exemption under section 5(1)(i)/clause 22 of the Second Schedule to the Wealth Tax Act, 1963.

13.3 The Department has filed a written petition before the Lahore High Court, Lahore against the aforesaid order of the Income Tax Appellate Tribunal. The petition is pending adjudication.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
14 CASH AND BANK BALANCES			
Cash in hand		100	100
Cash at banks on:			
-Current accounts		53	156
-Saving accounts	14.1	94,738	79,568
		94,791	79,724
		94,891	79,824

14.1 These carry mark-up @ 5.50% to 12.25% p.a. (2021: 5.50% to 6.25% p.a.).

14.2 This amount also includes the amount of unpaid / unclaimed dividends kept in separate PLS bank accounts.

15 SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2022 (Number of shares)	2021		2022 Rupees in thousands	2021
	51,313,680	-	Ordinary shares of Rs. 10 each paid in cash	513,137	-
	128,284,200	128,284,200	Ordinary shares of Rs. 10 each issued other than in cash	1,282,842	1,282,842
	179,597,880	128,284,200		1,795,979	1,282,842

15.1 This includes shares issued against surplus on revaluation of the assets of the Company of Rs. 358,156 million (net of tax) in accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. This treatment regarding the surplus was approved by the Securities Exchange Commission of Pakistan.

15.2 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.

15.3 The Board of Directors of the Company, in its meeting held on 25 March 2022, decided to increase the paid up capital of the Company by way of issuance of 40% right shares of the Company at par value i.e. 40 shares against every 100 shares held by each member of the Company.

15.4	Reconciliation of changes in number of shares is as follows		
	Opening balance	128,284,200	128,284,200
	Shares issued during the period	51,313,680	-
	Closing balance	179,597,880	128,284,200

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Gross opening balance		780,038	790,429
Transfer of revaluation surplus on property, plant and equipment to retained earnings - associate		-	(8,505)
Incremental depreciation for the year		(1,849)	(1,886)
		778,189	780,038
Less: Deferred tax			
Opening balance		(3,811)	(4,026)
Incremental depreciation for the year		191	215
Closing balance		(3,620)	(3,811)
		774,569	776,227

16.1 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

16.2 The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment.

17 BUILDING RESERVE FUND

This reserve was created with the allocation of Rs 0.50 million to meet capital expenditures on the buildings of the Company. Later, it was decided that 2% of the rental income shall be allocated to this fund on annual basis. The management of the Company has decided that all the tenants, including the Company and all other leaseholders, of LSE plaza shall contribute @ Rs. 4 per square feet on monthly basis effective from April 20, 2022. This fund will be used for replacement of fixed assets of the Company.

18 LONG TERM FINANCING			
From banking companies - secured			
Opening balance		7,696	-
Add: Addition during the year		1,924	7,696
		9,620	7,696
Less: Payments		(1,826)	-
Less: Current portion shown under current liabilities		(1,924)	(1,539)
Closing balance		5,870	6,157

18.1 The long term financing facility has been obtained from Bank Al Habib Limited. This represents utilised portion of financing out of total sanctioned limit of Rs. 9.621 million (2021: Rs. 9.621 million), for purchase and installation of 100 KW On-Grid Solar System under the State Bank of Pakistan financing scheme for Renewable Energy Category-II. It carries mark-up at 4% (2021: 4%) per annum, payable quarterly. The bank has marked lien over PLS accounts for Rs. 8.6 million. The tenor of the facility is 5 years from the date of disbursement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
19 DEFERRED TAX - NET			
Taxable temporary differences	19.2	162,872	158,314
Deductible temporary differences		(14,375)	(30,617)
		148,497	127,697

19.1 The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

19.2 Analysis of change in deferred tax (assets) and liabilities:

	Accelerated tax depreciation including finance lease	Unabsorbed Depreciation	Tax credits	Unrealized FV gain on debt/ equity securities	Investments in associated companies	Employees' benefits	Others	Total
----- Rupees in thousands -----								
Balance as at July 01, 2021	17,945	(22,360)	-	(2,846)	140,369	(204)	(5,207)	127,697
Charged / (credited) to profit or loss for the year	3,472	12,571	-	3,071	4,706	204	(3,224)	20,800
Balance as at June 30, 2022	21,417	(9,789)	-	225	145,075	-	(8,431)	148,497
Balance as at July 01, 2020	18,112	(11,877)	(1,780)	(864)	122,321	(344)	(3,808)	121,760
(Credited) / charged to profit or loss for the year	(167)	(10,483)	1,780	45	18,048	140	(1,399)	7,964
Charge to other comprehensive income	-	-	-	(2,027)	-	-	-	(2,027)
Balance as at June 30, 2021	17,945	(22,360)	-	(2,846)	140,369	(204)	(5,207)	127,697

19.3 Being prudent, the Company has not accounted for deferred tax asset amounting to Rs. 31.320 million (2021: Rs. 25.464 million) on unabsorbed depreciation. Deferred tax is computed at 29% (2021: 29%).

	Note	2022 (Rupees in thousand)	2021
20 TRADE AND OTHER PAYABLES			
Trade creditors		11,612	11,249
Accrued liabilities		13,489	13,314
Due to members		2,158	2,158
Advance rent received from tenants		11,409	12,985
Defaulted members' membership sale proceeds	20.1	44,131	44,131
Advances received from ex - members and companies		6,427	5,650
Retention money		1,694	
Punjab Workers Welfare Fund payable		12,299	8,007
Accrued mark-up		81	54
		103,300	99,646

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

21 DEPOSITS PAYABLE RELATED TO DISCONTINUED OPERATIONS

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

22 CONTINGENCIES AND COMMITMENTS

Contingencies

- On April 12, 2010, the Company had filed a suit for the recovery of US Dollar 105,000 and Rs. 3,314,015 against InfoTech (Private) Limited in the Court of Senior Civil Judge Lahore, which was referred by the Court for Arbitration. Currently the matter is pending before the Arbitration Tribunal for hearing of miscellaneous applications and recording evidence of the Company. However, the Company and its legal advisor expect a favourable outcome of the case.
- The Company filed references before the Honourable Lahore High Court, Lahore, against the order dated December 06, 2007 passed by the Honourable Income tax Appellate Tribunal, Lahore, in respect of Assessment years 2002 and 2003. Subsequent to assignment of cases, the power of attorney in both the references was filed on April 26, 2018 in the office of the Lahore High Court. Since these references have not been fixed for hearing, the same are as yet pending adjudication. However, the Company and its legal advisor expect a favourable outcome of the case.
- After the integration of all the three Stock Exchanges in Pakistan vide Order No. 1 of 2016 dated January 11, 2016 issued by SECP all the pending 33 (2021: 35) cases related to Brokers and TREC Holders of erstwhile Lahore Stock Exchange Limited were referred to the Funds Committee (constituted by SECP under the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012) for follow up and disposals of cases. These cases have been taken up by the Funds Committee and have been reported to the SECP through quarterly reports. Accordingly, the relevant contingent liability was also transferred to relevant MCF, IPF and TCF Trusts to the tune of Rs. 1.324 billion (2021: Rs. 1.318 billion).
- Certain employees had been reinstated and arrears / back benefits were paid in accordance with Labour Court Order, dated August 13, 2020. However, these employees filed fresh petitions for determination and recovery back of benefits from the Company. Under the circumstances the Company incorporated a certain provision in the financial statements up to June 30, 2022. However, the Company and its legal advisor expects a favourable outcome of the case.

Commitments

- Commitments for capital expenditure pertaining to ERP software outstanding as at the reporting date were Rs. 0.770 million (2021: Rs. nil).

23 REVENUE

The Company generates revenue primarily from investment in finance services i.e. margin trading system of NCCPL. Other sources of revenue include rental income from investment properties; rendering of room maintenance services to tenants; software services; and fund management fee etc.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
Revenue from Margin Trading System of NCCPL		50,533	40,308
Investment properties - rental income		52,666	46,242
<i>Other revenues - inclusive of PRA sales tax</i>			
Room maintenance services		25,651	25,242
Fund and operational management fee	23.1	22,050	21,500
Software services		3,967	3,431
		51,668	50,173
Less: PRA sales tax	23.2	(6,854)	(6,652)
		44,814	43,521
		148,013	130,071

23.1 This represents fund and operational management fee charged to MCF, IPF and TCF trusts for the year ended June 30, 2022. Fund management and operational fee is calculated at 2% (2021: 2%) on closing net assets of the fund as per audited accounts of the respective fund.

23.2 The aggregate PRA sales tax amounting to Rs. 6.854 million (2021: Rs. 6.652 million) is charged on room maintenance services, fund management fee and software income.

24 OTHER INCOME

Income from financial assets			
<i>At amortized cost / under effective interest method</i>			
Cash and cash equivalents - profit on saving bank accounts		8,031	5,243
Market Treasury Bills (T-Bills)		3,776	1,826
		11,807	7,069
<i>At fair value through other comprehensive income</i>			
Pakistan Investment Bonds (PIBs)		-	7,064
<i>At fair value through profit or loss</i>			
Investments in unlisted securities		918	-
Fair value gain on investments		5,947	-
Unrealized gain on equity shares of PMEX		-	154
<i>Loans and receivables</i>			
Finance income on net investment in finance lease		343	344
		19,015	14,631
<i>Income from non - financial assets</i>			
Gain on disposal of property, plant and equipment		917	-
Reversal of impairment loss	24.1	5,119	8,370
Advertisement income / parking charges		7,865	8,472
		26,880	23,103

24.1 This includes sales tax on car parking charges and advertisement income amounting to Rs. 0.544 million (2021: Rs. 0.199 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
25 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	25.1	45,349	40,421
Information technology related expenses		2,693	1,976
Underwriting commission		17,471	-
Insurance		877	975
Travelling and conveyance		4,519	1,770
Printing and stationery		851	644
Utilities		7,244	4,527
Repairs and maintenance		12,279	8,305
Security expenses		5,011	5,496
Communication and public relations		2,977	2,871
Legal and professional charges		1,020	588
Consultancy charges		5,771	2,111
MTS charges		4,576	4,101
Fees and subscription		1,072	939
SECP incorporation fee of subsidiary company		6,613	-
Rent, rates and taxes		2,329	1,811
Auditors' remuneration	25.2	494	516
Board meetings fee expenses		6,165	7,720
Others		1,492	1,256
Depreciation	5.1	23,180	22,806
		151,983	108,833

25.1 Salaries and benefits include Rs. 1.645 million (2021: Rs. 1.392 million) in respect of contribution to provident fund.

25.2 Auditors' remuneration

Audit services			
Annual audit fee		289	289
Half yearly review fee		95	90
Out of pocket expenses		36	36
		420	415
Non - audit services			
Certifications for regulatory purposes		74	101
		494	516

26 OTHER OPERATING EXPENSES

Punjab Workers' Welfare Fund		4,292	8,007
Diminution in the value of investment		6,089	-
Impairment loss on trade and other receivables - net		-	470
CSR program		-	315
		10,381	8,792

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
27	FINANCE COST		
	Mark-up on long term financing	369	-
	Bank charges	89	96
		458	96
28	TAXATION		
	Current	40,357	34,819
	Prior year	(4,335)	376
	Deferred	19.2 20,799	7,964
		56,821	43,159

28.1 Income tax return has been filed to the income tax authorities upto and including tax year 2021 under the provisions of the Income Tax Ordinance, 2001.

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

		2022	2021
29	EARNINGS PER SHARE - BASIC AND DILUTED		
	Net profit for the year attributable to ordinary shareholders (Rupees in thousands)	157,271	235,982
	Weighted average number of ordinary shares (Restated 2021) (Number of shares in thousands)	150,470	147,489
	Earnings per share - Basic and diluted (Restated 2021) (Rupees)	1.05	1.60

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021
30 CASH GENERATED FROM OPERATIONS			
Profit before tax		214,092	279,141
Adjustments			
Depreciation		23,180	22,806
Share of profit of associates		(202,021)	(243,686)
Return on investments		(12,725)	(14,133)
Finance income on net investment in finance lease		(343)	(344)
Lease rentals		(52,666)	(46,242)
Gain on disposal of property, plant and equipment		(1,829)	(102)
Unrealized Fair Value Loss on investment held till maturity		142	-
Fair value unrealized gain equity instruments		(918)	(154)
Workers welfare fund		4,292	-
Long term deposit		-	288
Employees' welfare fund		272	193
Provision against earned leaves		1,090	592
Impairment loss on trade and other receivables - net		(917)	470
Finance cost		458	96
Loss before working capital changes		(241,985)	(280,216)
(Increase) / decrease in current assets:			
- Inventory		451	13
- Trade and other receivables		(2,069)	12,247
- Advances and prepayments		(5,058)	474
		(6,676)	12,734
Increase / (decrease) in current liabilities:			
- Trade and other payables		1,366	875
- Deposits payable related to discontinued operations		(2,235)	(460)
- Advance rent received from tenants		52,476	47,793
- Advance rent received from tenants		51,607	48,208
Cash Generated from Operations		17,038	59,867

31 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

31.1 Market risk

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

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As there are no foreign currency receivables / payables of the Company, it is not exposed to currency risk (2021:Rs Nil).

Interest rate risk

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

T-Bills and PIBs are Government backed securities with guaranteed return. The maximum maturity profile of investment in T - bills is upto one eighty two days and of investment in MTS is upto sixty four days. PIBs and T-Bills are fixed interest based investments. Therefore, changes in interest rates shall not affect the cash flows of the Company. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

	2022 (Rupees in thousand)	2021
<u>Floating rate instruments</u>		
Financial assets		
Marginal Trading System (MTS)	444,989	462,364
Bank balances	94,738	79,568
<u>Fixed rate instruments</u>		
Financial assets		
Investment in T - Bills	267,044	25,532
Net investment in finance lease	4,280	4,281
Financial liabilities		
Long term financing	7,794	7,696

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2022, if interest rates get 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 5.397 million (2021: Rs. 5.419 million), mainly as a result of yield on floating investment based financial assets.

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity price risk in respect of certain investments amounting to Rs. 53.120 million (2021: Nil)

A change of 1% in the value of investments at fair value through profit or loss would have increased / decreased profitability of the Company by Rs. 0.531 million (2021: Nil) on the basis that all other variables remain constant.

31.2 Credit risk

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

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

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

	Note	2022 (Rupees in thousand)	2021
Investments accounted for using the equity method	7	1,146,981	1,115,605
Net investment in finance lease	8	4,280	4,281
Long term deposits	9	3,974	1,474
Short term investments	10	895,157	507,136
Trade and other receivables	11	15,431	9,473
Bank balances	14	94,791	79,724
		2,160,614	1,717,693

The aging of trade debts and related impairment loss as at the reporting date is presented in note 11.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

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

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

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

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

	Rating			2022	2021
	Short term	Long term	Agency		
				Rupees in thousands	
Allied Bank Limited	A1+	AAA	PACRA	6	6
Bank Alfalah Limited	A1+	AA+	PACRA	2,981	6,552
Bank Al-Habib Limited	A1+	AAA	PACRA	26,158	44,793
Habib Bank Limited	A-1+	AAA	JCR-VIS	37,917	26,800
MCB Bank Limited	A1+	AAA	PACRA	27,664	1,513
National Bank of Pakistan	A1+	AAA	PACRA	53	52
Summit Bank Limited	A3	BBB-	JCR-VIS	12	8
				94,791	79,724

31.3 Liquidity risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	5 - 10 years
Contractual maturities of financial liabilities as at June 30, 2022:						
Long term financing	7,794	8,107	1,602	1,602	4,903	-
Trade and other payables	73,165	73,165	73,165	-	-	-
Deposits payable related to discontinued operations	14,133	14,133	14,133	-	-	-
	95,092	95,405	88,900	1,602	4,903	-
Contractual maturities of financial liabilities as at June 30, 2021:						
Long term financing	7,696	7,696	1,540	1,540	4,618	-
Trade and other payables	73,004	73,004	73,004	-	-	-
Deposits payable related to discontinued operations	16,368	16,368	16,368	-	-	-
	97,068	97,068	90,912	1,540	4,618	-

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

31.4	Financial instruments by categories	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
Financial assets as at June 30, 2022					
	Investments accounted for using the equity method	183,124	712,033	-	895,157
	Net investment in finance lease	-	4,280	-	4,280
	Long term deposits	-	3,974	-	3,974
	Trade and other receivables	-	15,431	-	15,431
	Short term investments	-	895,157	-	895,157
	Cash and bank balances	-	94,891	-	94,891
		183,124	1,776,495	-	1,959,619
	Investments accounted for using the equity method	507,136	19,086	-	526,222
	Net investment in finance lease	-	4,281	-	4,281
	Long term deposits	-	1,474	-	1,474
	Trade and other receivables	-	9,473	-	9,473
	Short term investments	-	507,136	-	507,136
	Cash and bank balances	-	79,824	-	79,824
		507,136	621,274	-	1,128,410

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022 (Rupees in thousand)	2021
Financial liabilities at amortized cost		
Long term financing	7,794	7,696
Trade and other payable	103,300	99,646
	111,094	107,342

31.5 Fair value of financial instruments

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

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

32 CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022 (Rupees in thousand)	2021
The gearing ratio of the Company is calculated as follows:		
Net debt	7,794	7,696
Equity	3,491,478	3,121,152
Total capital employed	3,499,272	3,128,848
Gearing ratio	0.22%	0.25%

33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company are as follows:

Names of Related Parties	Relationship	Basis of relationship / (percentage shareholding or common directorship)	
Investment made in LSE Financial Services Limited			
Modaraba Al Mali	Associate	Common directorship	26.00%
Investment made by LSE Financial Services Limited			
National Clearing Company of Pakistan Limited	Associate		23.53%
Central Depository Company of Pakistan Limited	Associate		10.00%
Pakistan Credit Rating Agency Limited	Associate	Common	36.00%
Digital Clearing Company Limited	Associate	directorship	10.00%
ABM Securities (Pvt.) Limited	Associate		0.47%
Al-Haq Securities (Pvt.) Limited	Associate		0.00%
S.D. Mirza Securities (Pvt.) Limited	Associate		0.00%
Mr. Zahid Latif Khan	Chairman/Independent Director	Director	0.00%
Mr. Amir Zia	Chief Executive Officer	Director	0.00%
Mr. Aftab Ahmad	Executive Director	Director	0.00%
Mr. Ammar ul Haq	Non-Executive Director	Director	0.00%
Mr. Asif Baig Mirza	Non-Executive Director	Director	0.00%
Ms. Huma Ejaz	Independent Director	Director	0.00%
Mr. Khalid Waheed	Non-Executive Director	Director	0.00%
Mr. Muhammad Iqbal	Non-Executive Director	Director	1.23%
Mr. Rizwan Ejaz	Independent Director	Director	0.00%
Mr. Salman Majeed	Non-Executive Director	Director	0.00%
Mr. Shahnawaz Mahmood	Independent Director	Director	0.00%
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Post employment benefit		
MCF Trust Fund	Associate	Trust Managed by LSE	
IPF Trust Fund	Associate		
TCF Trust Fund	Associate		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

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

Names of Related Parties		2022	2021
		Rupees in thousands	
National Clearing Company of Pakistan Limited	Dividend received	101,329	35,122
	Annual fee paid	(550)	(250)
	Bills receivable - billing	237	288
	Reimbursement of facilities - receipts	2,154	2,001
	Trading charges paid	(4,326)	(3,852)
Central Depository Company of Pakistan Limited	Dividend received	45,750	33,728
	Bills Receivable - billing	581	122
	Reimbursement of facilities - receipts	3,851	3,991
Pakistan Credit Rating Agency Limited	Dividend received	29,514	55,002
Modaraba Al Mali	Dividend paid	(24,635)	-
	Bills Receivable - billing	30	-
	Reimbursement of facilities - receipts	30	-
Transactions with key management personnel			
Chief executive	Remuneration	(3,375)	(4,055)
	Contribution to provident fund	(338)	(258)
	Travelling reimbursement - paid	(3,289)	-
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Contribution for the year	1,645	1,392
MCF Trust Fund	Fund and operational management fee received	2,162	2,162
IPF Trust Fund	Fund and operational management fee received	6,365	6,365
TCF Trust Fund	Fund and operational management fee received	10,022	10,022
Directors	Utilities	1,719	1,245
Directors	Dividend paid	(1,107)	(2,363)
Directors	Travelling reimbursement - paid	(541)	-
Directors	Meeting fees	(5,959)	(7,720)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

34 MANAGERIAL REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
-----Rupees in Thousand-----								
Managerial remuneration	3,375	2,580	-	-	2,790	-	6,165	2,580
Company's contribution to the provident fund trust	338	258	-	-	279	-	617	258
Housing and utilities	1,688	1,290	-	-	1,395	-	3,083	1,290
Others	1,601	185	5,959	7,720	1,460	-	9,020	7,905
	7,002	4,313	5,959	7,720	5,924	-	18,885	12,033
Number of persons	1	1	15	7	1	-	17	8

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

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

	2022	2021
35 STAFF STRENGTH		
Total number of employees at the year end	54	44
Average number of employees during the year	49	45

36 PROVIDENT FUND TRUST - RELATED PARTY

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

37 AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on 25-08-2022..

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

38 GENERAL

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following re-arrangements have been made in these financial statements for better presentation:

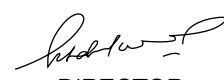
Nature	From	To	Amount Rupees in thousands
Marketing and advertisement expense	Marketing and advertisement expense	Communication and public relations	439
	Administrative and General Expenses (Note 25)	Administrative and General Expenses (Note 25)	
Punjab Workers' Welfare Fund	Administrative and General Expenses (Note 25)	Other operating expenses (Note 26)	8,007
Impairment loss on trade and other receivables - net	Administrative and General Expenses (Note 25)	Other operating expenses (Note 26)	470
CSR program	Administrative and General Expenses (Note 25)	Other operating expenses (Note 26)	315



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTICE OF 7TH
**ANNUAL GENERAL
MEETING**



LSE FINANCIAL
SERVICES LIMITED

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE is hereby given that 7th Annual General Meeting (AGM) of LSE Financial Services Limited (the "Company") has been scheduled on Saturday, September 17, 2022 at 1100hrs, at Register Office of the Company, LSE Plaza, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on February 28, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2022, together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2023 and to fix their remuneration. The retiring Auditors M/s Crowe Hussain Chaudhury & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To consider and approve the interim and final dividend as below, for the year ended June 30, 2022, as recommended and already paid by the Board of Directors.

Date of Board of Directors' Meeting when dividend is declared	Rate of Dividend Rs. /Share	No. of Shares Outstanding on which dividend is paid	Amount of Dividend (Rs. in 000)
October 07, 2021	0.90	128,284,200	115,456
February 23, 2022	0.75	128,284,200	96,213
June 27, 2022	0.50	179,597,880	89,799

SPECIAL BUSINESS

5. To consider, and if deemed fit, approve Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger/Split of LSE FINANCIAL SERVICES LIMITED (and its members) with and into
 - a. **LSE VENTURES LIMITED** (and its members)
 - b. **LSE PROPTECH LIMITED** (and its members)
 - c. **LSE FINANCIAL SERVICES LIMITED** (and its members)

In terms of provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017, and, for this purpose, pass the resolutions, as special resolutions (as attached in the Statement of Information, accompanying, Notice to the Members under Section 281(1)(a) / 134(3) of the Companies Act, 2017), with or without modification(s), addition(s) or deletion(s), and to approve the consequent alterations in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any and to jointly authorize the Chief Executive of the Company and the Company Secretary of the Company, to undertake and implement all relevant steps/actions, required to be completed, as a consequence of the approval of the above special resolutions.

It may also be mentioned that along with the Scheme of Compromises, Arrangement and Reconstruction for also involves the subsequent Amalgamation/Merger of DATA TEXTILES LIMITED (and its members), a listed shell company, with and into the two of the above subsidiaries of the Company:

- d. **LSE VENTURES LIMITED** (and its members)
 - e. **LSE PROPTECH LIMITED** (and its members)
6. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Lahore

Dated: August 25, 2022



Muhammad Usman
Company Secretary

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTES:

Closure of Share Transfer Books

The share transfer Books of the Company shall remain closed from September 10, 2022 to September 17, 2022 (both days inclusive) for the purpose of attending Annual General Meeting. Transfers received in order at the office of our Share Registrar CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi at the close of business on September 09, 2022 will be considered in time to attend the AGM.

Participation In the Annual General Meeting (AGM)

In the light of COVID-19 situation in the Country, the Company has made the arrangement for the safety of the members attending the meeting physically. The relevant SOPs should be followed strictly

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

For Attending the Meeting

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

For Appointing Proxies

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

Consent For Video Conference

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

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



NOTICE OF 7TH ANNUAL GENERAL MEETING

STATEMENT OF INFORMATION ACCOMPANYING NOTICE TO THE MEMBERS UNDER SECTION 281(1)(A) / 134(3) OF THE COMPANIES ACT, 2017

BACKGROUND

LSE Financial Services Limited (LSEFSL) is a public company Limited by shares, incorporated in Pakistan under Companies Ordinance, 1984 and having its registered office at LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. LSEFSL (along with subsidiaries) is interested (as a transferee) in the scheme of compromises, arrangement and reconstruction for amalgamation / merger with the Company (as a transferor) in terms of provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017.

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

DATA Textiles Limited (hereinafter referred to as "DATM" or the "Company") is a public listed company limited by shares, incorporated in Pakistan under the Companies Ordinance, 1984, which is listed on Pakistan Stock Exchange (PSX), having its registered office located at Office No. 505, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-e-Iqbal, Lahore.

Due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). Subsequently, on the receipt of the winding up Show Cause notice to the Company from the SECP, the trading in the shares of the Company at PSX had been suspended on August 01, 2012.

Subsequent to the failure of the Company to defend the Show Cause notice of the SECP for the winding up of the Company, the Additional Registrar of the Companies, Company Registration Office (CRO), of the SECP, Lahore, filed an application (C.O. No.19/2017) in accordance with Section 305, read with Section 309 of the Companies Ordinance 1984, together with all enabling provisions of the law, to the Honorable Court for the winding up of the Company, which has been allowed by the Honorable Lahore High Court on March 08, 2022. Upon this, the Honorable Court also appointed an Official Liquidator (Mr. Muhammad Faizan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.

LSE Ventures Limited (LVL) has been incorporated under the Companies Act, 2017 with the principal business of carrying out the business of making strategic & long-term investments and equity injection in other companies and undertakings in the form of equity, debentures, sukus, commercial papers, hybrid instruments, warrants and any other type of shares or securities. The Company has been incorporated to operate as a public limited Company.

Currently, the LVL is the wholly owned subsidiary of LSEFSL. It has been formed by LSEFSL to implement the intended Scheme.

The registered office of the Company is located at 19 Khayaban-e-Aiwan-e Iqbal (old Kashmir-Egerton Road), Lahore. The Corporate Unique Identification Number (UIN) of LVL is 0206407 and the date of incorporation is July 18, 2022.

LSE PropTech Limited (LPL) has been incorporated under the Companies Act, 2017 with the principal business to develop, import, market, construct and maintain and offer software services for efficient real estate management and to provide online/e-commerce market places/networked warehouses and smart architectural, maintenance, safety, security and assurance solutions and eco-systems for Internet of Things (IoT) for buildings, shared grids and data centers and insulated construction methodologies, and to provide digital platform for information, analytics, data for real estate management and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to permission of relevant authorities.

Currently, the LPL is the wholly owned subsidiary of LSEFSL. It has been formed by LSEFSL to implement the intended Scheme.

NOTICE OF 7TH ANNUAL GENERAL MEETING

The registered office of the Company is located at 19 Khayaban-e-Aiwan-e Iqbal (old Kashmir-Egerton Road), Lahore. The Corporate Unique Identification (CUIN) of LPL is 020194 and the date of incorporation is May 11, 2022.

OBJECTIVE AND BENEFITS:

The proposed de-merger scheme (along with merger of DATM into LPL and LVL) intends to fulfill the certain objects and benefits to the LSEFSL and to the shareholders of LSEFSL and has submitted a draft Scheme of Arrangement to the Company for approval by its shareholders under Sections 279 to 282 of the Companies Act, 2017.

- i. Once the Scheme is implemented, LSEFSL shall be able to ensure compliance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
- ii. LSEFSL shall be able to carry on the intended/planned permissible activities, including the provision of Finance, and will be able to take the licenses for Underwriting and Consultant to the Issue activities subject to compliance with the relevant regulations (e.g. investments in companies in pre IPO stage and revival of listed shell companies etc.).
- iii. LSEFSL shall continue to operate and abide by the Integration Order 1/2016, especially with regards to the role prescribed in the Order relating to the legacy matters from the period of its stock exchange operations, and more particularly handling litigations/ matters for the settlement of investors' claims, defaulted members and the management of the legacy regulatory funds through the prescribed Funds Committee and the Trustees of the relevant Funds.
- iv. LSEFSL will become the wholly owned subsidiary of LVL under the Scheme.
- v. The shareholders of the LSEFSL shall become the shareholders of the LVL under the SWAP Ratio.
- vi. Issued capital of LSEFSL shall be restructured and changed and LVL shall own 100% shares of LSEFSL under the Scheme.
- vii. LVL shall become the holding company of LSEFSL and the other associated company of LPL.
- viii. Currently, LVL and LPL are wholly owned subsidiary of LSEFSL. Shares issued to LSEFSL by LVL and LPL respectively shall be cancelled under the Scheme.
- ix. All existing strategic, long term and short-term investments presently held in LSEFSL shall be transferred to LVL. In this respect, LVL shall be bound to designate/classify its investments in CDC and NCCPL as "Available for Sale" in its balance sheet, and shall dispose of these shares in accordance with the valuation report from a reputable practicing Chartered Accountancy firm (which is already ongoing at the time of filing of this Scheme) to comply with the SECP's instructions on the subject.
- x. LPL shall retain the property, plant and equipment (including investment properties) and shall refocus its business on property management and shall specialize in digital property platform/management.
- xi. The existing land and building of LSEFSL transferred to LPL under this Scheme, shall be retained by LPL and the disposal thereof shall not be allowed without the prior written approval of the SECP. This restriction shall be included in the Memorandum of Association of LPL.
- xii. LPL and LVL shall be listed on PSX by virtue of merger of DATM (as a transferor) with and into LPL and LVL (as a transferees).
- xiii. LPL will become the associated company of LVL by virtue of 30% shareholding of LVL in LPL and common directorship under the Scheme.

Objective of the shareholders' approvals under this AGM is to:

1. Seek the approval of the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger/Split of LSE FINANCIAL SERVICES LIMITED (and its members) with and into
 - a. **LSE VENTURES LIMITED** (and its members)
 - b. **LSE PROPTECH LIMITED** (and its members)
 - c. **LSE FINANCIAL SERVICES LIMITED** (and its members)

It may be mentioned that the Scheme of Compromises, Arrangement and Reconstruction also involves the Amalgamation/ Merger of DATA TEXTILES LIMITED (and its members) with and into the newly created subsidiaries of LSE FSL:

- d. **LSE VENTURES LIMITED** (and its members)
- e. **LSE PROPTECH LIMITED** (and its members)



NOTICE OF 7TH ANNUAL GENERAL MEETING

In terms of provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017, and, for this purpose, pass the resolutions, as special resolutions (as attached in the Statement of Information, accompanying Notice to the Members under Section 281(1)(a) / 134(3) of the Companies Act, 2017), with or without modification(s), addition(s) or deletion(s), and to approve the consequent alterations in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any and

2. Jointly authorize the Chief Executive of the Company and the Company Secretary of the Company, to undertake and implement all relevant steps/actions, required to be completed, as a consequence of the approval of the above special resolutions.

Scheme may be implemented in two parts, if required, as follows:

Part 1 - Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger/Split of LSE FINANCIAL SERVICES LIMITED (and its members) with and into

- a. **LSE VENTURES LIMITED** (and its members)
- b. **LSE PROPTECH LIMITED** (and its members)
- c. **LSE FINANCIAL SERVICES LIMITED** (and its members)

Part 2 - It may be mentioned that the Scheme of Compromises, Arrangement and Reconstruction also involves the Amalgamation/ Merger of DATA TEXTILES LIMITED (and its members) with and into the newly created subsidiaries of LSE FSL:

- a. **LSE VENTURES LIMITED** (and its members)
- b. **LSE PROPTECH LIMITED** (and its members)

SPECIAL BUSINESS

Proposed Resolutions as an integral part of Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/ Merger ('the Scheme') to be adopted by the Shareholders:

Agenda item – 5 : and the specific resolution required to be approved by the Shareholders	Type of resolution to be passed
1. To approve the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger/Split of LSE FINANCIAL SERVICES LIMITED (and its members) with and into	Special Resolution
a. LSE VENTURES LIMITED (and its members) b. LSE PROPTECH LIMITED (and its members) c. LSE FINANCIAL SERVICES LIMITED (and its members)	
Along with the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/ Merger of DATA TEXTILES LIMITED (and its members) with and into	
d. LSE VENTURES LIMITED (and its members) e. LSE PROPTECH LIMITED (and its members)	
In terms of provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017, and, for this purpose, pass the resolutions, as special resolutions (as attached in the Statement of Information, accompanying Notice to the Members under Section 281(1)(a) / 134(3) of the Companies Act, 2017), with or without modification(s), addition(s) or deletion(s), and to approve the consequent alterations in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any;	
2. To grant authorization (jointly) to the Chief Executive Officer and Company Secretary of the Company to undertake and implement all relevant steps/actions, required to be completed, as a consequence of the approval of the above special resolutions.”	Special Resolution

NOTICE OF 7TH ANNUAL GENERAL MEETING

Notes:

1. The resolutions are meant for enabling actions under Sections 279 to 282 of the Companies Act, 2017 and the Rule Book of Pakistan Stock Exchange Limited.
2. The above resolutions may be passed by the shareholders in their absolute discretion, with or without modification(s), addition(s) or deletion(s), if any.

AGENDA ITEM NO. 5 – SCHEME OF ARRANGEMENT

1. **“Resolved that** pursuant to the provisions of Section 279 to 282 of the Companies, Act, 2017 and other applicable provisions, if any, and subject to the approval of the Honorable Lahore High Court, the proposed demerger of LSE Financial Services Limited (‘Transferor Company’) with and into LSE Ventures Limited, LSE PropTech Limited and LSE Financial Services Limited (‘Transferee Companies’) and amalgamation/merger of Data Textiles Limited with and into LSE PropTech Limited and LSE Ventures Limited along with the draft Scheme of Amalgamation/ Merger/ Demerger as placed before the Shareholders and the Official Liquidator, be and are hereby approved.
2. **Resolved Further that** approval be and is hereby accorded to implement the Scheme in full or in parts (Part 1 and Part 2) and accordingly application/petition shall be filed with the Securities and Exchange Commission of Pakistan, honorable Lahore High Court, Pakistan Stock Exchange Limited and any other competent authority(ies).
3. **Resolved Further that** the approval of the shareholders, be and is hereby granted to the terms and conditions as set out in the draft Scheme of Amalgamation/ Merger / Demerger, which includes, inter-alia, the following:
 - a) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company will be transferred to and vest in the Transferee Companies (as described in Schedule – 1 and Schedule – 2 of the Scheme);
 - b) That all the employees of the Transferor Company, if any, in service on the date immediately preceding the date on which Scheme finally takes effect i.e. the Effective Date, shall become the employees of the Transferee Companies (as described in Schedule – 5 of the Scheme) on such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the concerned Transferor Company on the said date;
 - c) That the Scheme of Amalgamation / Merger / Demerger shall be effective from Effective Date, the provisions of the Scheme, so far as they relate to transfer and vesting of the business and undertaking(s) of the Transferor Company (as described in Schedule – 1 and Schedule - 2 of the Scheme) into the Transferee Companies, shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court may approve;
 - d) That the Transferee Companies shall allot shares to the shareholders of the Transferor Company in accordance to the SWAP Ratio as per the Valuation Report given by the Kreston Hyderbhimji, Chartered Accountants (or any other renowned practicing-chartered accounting firm), as tabled before the meeting and taken note of; and
 - e) That the listing status of the Data Textiles Limited with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of DATM and LSEFSL) with Central Depository Company of Pakistan Limited (CDC) along with all privileges, rights and liabilities of the Transferor Company with PSX and CDC shall be transferred in the names of the Transferee Companies (as described in the Scheme).
 - f) Effective date of the Scheme is July 31, 2022 or any other date which is determined by the honorable LHC. Final ‘Scheme’ shall be submitted to the honorable LHC after July 31, 2022 along with financial statements, schedules, and other financial figures based on July 31, 2022. However, this will not affect the SWAP ratio determined in the Scheme. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. Moreover, actual transfer will be effectuated on sanctioned date, when the Scheme shall become the operative (as defined in Article – 3 of the Scheme). No further approval shall be required from the shareholders of the Company.
 - g) SWAP ratio will not be changed unless directed (and accepted by the Company) by the honorable Lahore High Court or the Securities and Exchange Commission of Pakistan, as the case may be. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. No further approval shall be required from the shareholders of the Company.
4. **Resolved Further That** pursuant to the provision of Section 279 to 282 of the Companies, Act, 2017 and other applicable provisions, necessary joint/separate application(s), petition(s) and may be moved by the Chief Executive Officer and the Company Secretary jointly before the Honorable Lahore High Court, for seeking its directions as to convening, holding and conducting of any meeting(s) of the shareholders and creditors (if any) or dispensation thereof, as the case may be, including for the appointment of Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any

NOTICE OF 7TH ANNUAL GENERAL MEETING

other directions as the Honorable LHC may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation / Merger.”

5. **Resolved Further That** approval be and is hereby given to the Board of Directors to amend the swap ratio, if advised or directed by the Securities and Exchange Commission of Pakistan or honorable Lahore High Court, as the case may be, for the issuance of shares to the shareholders of the Company or to the shareholders of the Data Textiles Limited or to the shareholders of LSE PropTech Limited or to the shareholders of LSE Ventures Limited, as the case may be.
6. **Resolved Further That** the shareholders, be and hereby authorize jointly the Chief Executive Officer and the Company Secretary of the Company, to undertake and implement all relevant steps/actions, required to be completed, as a consequence of the approval of the above special resolutions.
7. **Resolved Further That** the Chief Executive Officer and the Company Secretary of the Company, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company to the Honorable Lahore High Court, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.”
8. **Resolved Further That** the Chief Executive Officer, or the Company Secretary of the Company, be and are hereby singly authorized:
 - a) To sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/ merger;
 - b) To engage any counsel(s)/advocate(s)/consultant(s) to file the application(s) and petition(s) before the Honorable Lahore High Court, and to do other needful tasks;
 - c) To appear [in person or through representative(s)] before the Honorable Lahore High Court; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited and/or before any other authority or person in connection with the aforesaid amalgamation/merger; and
 - d) To do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose.

NOTICE OF 7TH ANNUAL GENERAL MEETING

FOR CORPORATE MEMBER (ON THE LETTERHEAD OF THE COMPANY)

Date: _____

The Secretary
LSE Financial Services Ltd.
Lahore.

Sub: Authorization to attend the AGM of the Company on behalf of Body Corporate (Member) of LSE Financial Service Ltd.

Dear Sir,

Please be informed that Mr./Mrs./Ms. _____, S/o W/o D/o _____, holder of CNIC No. _____, has been duly authorized by the Board of Directors of our company vide resolution dated _____ to participate and vote on resolutions included in the agenda of the notice of AGM of LSE Financial Services Ltd. scheduled for September 17, 2022 or at any date adjourned/rescheduled thereof. Resolution of the Board dated _____ in original duly signed and stamped is attached herewith for reference and record.

Yours truly,

Authorized Signatory

Seal of the company

.....

SPECIMEN RESOLUTION (ON THE LETTERHEAD OF THE COMPANY)

The following resolution has been passed by the Board of Directors of (Name of the Company) in its meeting held on _____, at _____.

Resolved that Mr./Mrs./Ms. _____, S/o W/o D/o _____, be and is hereby authorized on behalf of the Company to participate and vote for resolutions included in the agenda of the notice of AGM of LSE Financial Services Ltd. scheduled for September 17, 2022 or at any date adjourned/rescheduled thereof.

Certified True Copy.

Authorized Signatory

Seal of the Company



**SCHEME OF COMPROMISES,
ARRANGEMENT AND
RECONSTRUCTION FOR
DEMERGER/SPLIT OF**



LSE FINANCIAL
SERVICES LIMITED

(AND ITS MEMBERS)

Scheme of Demerger

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR

DEMERGER/SPLIT OF

LSE FINANCIAL SERVICES LIMITED

(AND ITS MEMBERS)

WITH AND INTO

- 1. LSE VENTURES LIMITED**
(AND ITS MEMBERS)
- 2. LSE PROPTECH LIMITED**
(AND ITS MEMBERS)
- 3. LSE FINANCIAL SERVICES LIMITED**
(AND ITS MEMBERS)

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR

AMALGAMATION/MERGER OF

DATA TEXTILES LIMITED

(AND ITS MEMBERS)

WITH AND INTO

- 1. LSE VENTURES LIMITED**
(AND ITS MEMBERS)
- 2. LSE PROPTECH LIMITED**
(AND ITS MEMBERS)



Scheme of Demerger

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 282
AND ALL OTHER ENABLING PROVISIONS
OF THE COMPANIES ACT, 2017)

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Scheme of Demerger

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR

DEMERGER/SPLIT OF

LSE FINANCIAL SERVICES LIMITED

(AND ITS MEMBERS)

WITH AND INTO

- 1. LSE VENTURES LIMITED**
(AND ITS MEMBERS)
 - 2. LSE PROPTECH LIMITED**
(AND ITS MEMBERS)
 - 3. LSE FINANCIAL SERVICES LIMITED**
(AND ITS MEMBERS)
-

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR

AMALGAMATION/MERGER OF

DATA TEXTILES LIMITED

(AND ITS MEMBERS)

WITH AND INTO

- 1. LSE VENTURES LIMITED**
(AND ITS MEMBERS)
- 2. LSE PROPTECH LIMITED**
(AND ITS MEMBERS)



Scheme of Demerger

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 282 AND ALL OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017)

PREAMBLE

1. LSE FINANCIAL SERVICES LIMITED

BACKGROUND

LSE Financial Services Limited (LSEFSL) was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the Companies Act, 1913 (now the Companies Act, 2017) on October 05, 1970 as a Company limited by guarantee.

The Company was re-registered as a public limited company by shares under “Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. The Securities Exchange and Commission of Pakistan (SECP) vide its notification dated August 25, 2015 directed integration of stock exchanges in the Country.

Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations on January 11, 2016, and was granted a license of “investment finance services” under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008) to operate as an investment finance services company under the name of “LSE Financial Services Limited”.

Prior to cessation of the stock exchange operations, the Company was engaged in listing, conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scrips, participation term certificates, Modaraba certificates, Sukuks, bonds, debentures, commercial papers and other securities.

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

The registered office of the Company is located on 19 Khyaban-e-Aiwan-e Iqbal (old Kashmir-Egerton Road), Lahore. The Corporate Unique Identification Number (CUIN) of LSEFSL is 03252 and the date of incorporation is October 05, 1970.

2. LSE VENTURES LIMITED

BACKGROUND

LSE Ventures Limited (LVL) is incorporated under the Companies Act, 2017 with the principal business of carrying out the business of making strategic & long-term investments and equity injection in other companies and undertakings in the form of equity, debentures, sukuks, commercial papers, hybrid instruments, warrants and any other type of shares or securities. The Company has been incorporated to operate as a public limited Company.

The registered office of the Company is located at 19 Khyaban-e-Aiwan-e Iqbal (old Kashmir-Egerton Road), Lahore. The Corporate Unique Identification Number (UIN) of LVL is 0206407 and the date of incorporation is July 18, 2022.

Currently, the LVL is a wholly owned subsidiary of LSEFSL. It has been formed by LSEFSL to implement the instant Scheme.

Scheme of Demerger

3. LSE PROPTECH LIMITED

BACKGROUND

LSE PropTech Limited (LPL) is incorporated under the Companies Act, 2017 with the principal business to develop, import, market, construct and maintain and offer software services for efficient real estate management and to provide online/e-commerce market places/networked warehouses and smart architectural, maintenance, safety, security and assurance solutions and eco-systems for Internet of Things (IoT) for buildings, shared grids and data centers and insulated construction methodologies, and to provide digital platform for information, analytics, data for real estate management and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to permission of relevant authorities.

The registered office of the Company is located at 19 Khyaban-e-Aiwan-e Iqbal (old Kashmir-Egerton Road), Lahore. The Corporate Unique Identification (CUIN) of LPL is 020194 and the date of incorporation is May 11, 2022.

Currently, the LPL is a wholly owned subsidiary of LSEFSL. It has been formed by LSEFSL to implement the intended Scheme.

4. DATA TEXTILES LIMITED

BACKGROUND

DATA TEXTILES LIMITED (hereinafter referred to as "DATM" or the "Company") is a public listed company limited by shares, incorporated in Pakistan under the Companies Ordinance, 1984, which is listed on Pakistan Stock Exchange (PSX), having its registered office located at Office No. 505, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-e-Iqbal, Lahore.

The main activity of the company had been the manufacturing and sale of yarn; however, the Company had ceased to conduct its business from 2008 onwards. Being a publicly listed Company on PSX, the Company has 897 shareholders/members of the investing public.

Due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). Subsequently, on the receipt of the winding up Show Cause notice to the Company from the SECP, the trading in the shares of the Company at PSX had been suspended on August 01, 2012.

Subsequent to the failure of the Company to defend the Show Cause notice of the SECP for the winding up of the Company, the Additional Registrar of the Companies, Company Registration Office (CRO), of the SECP, Lahore, filed an application (C.O. No.19/2017) in accordance with Section 305, read with Section 309 of the then Companies Ordinance 1984, together with all enabling provisions of the law, to the Honorable Court for the winding up of the Company, which has been allowed by the Honorable Lahore High Court on March 08, 2022. Upon this, the Honorable Court also appointed an Official Liquidator (Mr. Muhammad Faizan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.

Since all the assets and the entire undertakings of the Company had already been disposed of by the sponsors, the shareholders of the Company have become the ultimate economic losers due to the pending liquidation of the Company. However, there is only one remaining usable asset, which is the listing status of the Company at PSX. Having no residual assets and weak financial position, the already suffering shareholders lack any entrepreneurial involvement besides having no capacity to raise requisite capital from the market and to resume the Company's business operations and activities.

In the above situation, the only option left for the Company's myriad shareholders was to somehow find a method of utilizing the continued listing status of the Company at PSX by voting to combine/merge/amalgamate the Company with some willing unlisted operating company. This would enable the shareholders of the Company to SWAP their shares with the shares of some potentially profitable and economically strong company.

Scheme of Demerger

It has been due to the above economic consideration that some shareholders of the Company had written to the Official Liquidator to consider the reverse merger of the Company with the subsidiaries of LSE Financial Services Limited.

The reverse merger of the Company will benefit the shareholders of DATM with the opportunity to convert their shares in the surviving entities.

Thus, wherever, the Board of Directors of DATM (and their power) is appearing in the Scheme, this would mean as the Official Liquidator (to exercise the full power of the Board of Directors of DATM).

5. OBJECTIVES AND BENEFITS

- 1) Reorganization/Restructuring of LSEFSL
Under Regulation 28 on the subject of “Other Terms and Conditions applicable to Lending NBFCs” of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an Investment Finance Company is required to invest at least seventy per cent (70%) of its assets in Finance, i.e, the provision of credit, loans etc., on quarterly average basis, provided that cash, deposits with financial institutions, and investment in government securities are required to be excluded to calculate this limit. The Condensed Financial Position of LSEFSL as on **July 31, 2022** is as follows:

LSE Financial Services Limited Statement of Financial Position

	July 31, 2022 Rs. in 000
Property Plant and Equipment (including Investment Properties)	1,669,566
Investments accounted for using the equity method	1,149,399
Other Non-Current Assets	68,253
Short term investments	510,922
Other Current Assets	78,322
Cash & Bank Balances	346,411
	3,822,873
Less:	
Long Term Liabilities & Deferred Liabilities	(137,879)
Current Liabilities	(172,101)
Net Assets	3,496,616
Represented by:	
Issued and Subscribed Capital	1,795,979
Revaluation Surplus	774,569
Retained Earnings	926,068
	3,496,616

It is pertinent from the above Financial Position that it is not possible for LSEFSL to comply with **Regulation 28** and to place

Scheme of Demerger

70% of its assets in Finance since the property, plant and equipment (including investment property) of LSEFSL represents 36% of the assets besides its long-term strategic equity investments in Pakistan Credit Rating Agency Limited (PACRA), Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL) (collectively being classified under Investments accounted for using the equity method) which account for 41% of the assets of the Company. Moreover, LSEFSL has also made equity investment in the Pakistan Mercantile Exchange Limited (PMEX), which is classified under “Short term investment”. The other equity investments of LSEFSL include its investments in other companies, like Pakistan General Insurance Limited (PKGIL) and Digital Custodian Company Limited (DCCL). All of the above shows that LSEFSL does not have the requisite liquid assets to place under Finance.

Furthermore, Rule 7(2)(ba) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 also requires that an NBFC shall not hold or make investment in a subsidiary other than that which is a financial services company provided that an NBFC may make strategic investments in financial services company with the approval of the SECP. Under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, a “financial services company”, is defined as a financial institution incorporated in Pakistan or outside Pakistan, including an insurance company, broker i.e. of stock market or money market or commodities market or a company which is primarily involved in the distribution of securities, insurance products and units or certificates of a notified entity, and any other company as notified by the SECP in the official Gazette. As mentioned above, LSEFSL had made long-term strategic equity investments in various companies, which now do not qualify under the definition of a “financial services company”.

Moreover, the LSEFSL's intending business activities of carrying out equity capital investments and the revival of listed shell companies etc., do not come under the ambit of NBFC rules and regulations.

Thus, prima-facie, the current operations and the activities of LSEFSL bring it under the violation of various NBFC rules and regulations, which prevent it from maximizing the wealth of its shareholders and play as a useful agent in the development of the country's capital market.

In this way, being the successor company of the former Lahore Stock Exchange, existing as an NBFC, shall be able to exist by transferring its non-NBFC business into two other entities.

2) Revival of Data Textiles Limited (DATM)

DATM has formerly been a shell listed company. The honorable LHC has already appointed an Official Liquidator to wind-up the Company (DATM), however, due to very weak financial position of DATM, it is unlikely that the shareholders of DATM would get anything out of residual assets in case of liquidation. The bleak financials of DATM also means that the Company has limited capacity to raise requisite capital for resuming its business operations and activities.

The only benefit that the shareholders of DATM can have is the revival and the utilization of the listed status of the Company through the intended Scheme.

Scheme of Demerger

Data Textiles Limited Statement of Financial Position

	July 31, 2022
	Rs. in 000
Tax refunds due from Government - net	3,111
	3,111
Less:	
Liabilities	(59,716)
	(56,605)
Represented by	
Share Capital	99,096
Retained Earnings (Loss)	(155,701)
	(56,605)

Upon the completion of merger / amalgamation through the intended Scheme, the DATM will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the issuance of shares of LPL and LVL to the registered members of DATM.

3) Objective of the Scheme

The proposed de-merger scheme (along with merger of DATM into LPL and LVL) intends to fulfill the following objects and benefits to the LSEFSL and to the shareholders of LSEFSL and DATM respectively.

The principal object of this Scheme of Arrangement, formulated pursuant to the provisions of Sections 279 to 282 of the Act, is to affect the merger/ amalgamation of DATM with and into LPL and LVL for the purposes amongst others of combining the assets of DATM with LPL and LVL whereby the shareholders of the entities involved shall get the shares of two surviving companies, both of which shall become listed under the intended Scheme.

The merger/amalgamation involves the transfer to and vesting in LPL and LVL (as described in Schedule – 6) of the whole undertaking and business of DATM, together with all the properties, assets, privileges, rights including the listing status, the CDC eligibility, licenses, guarantees, obligations and liabilities of every description of DATM against allotment of shares of LPL and LVL (as per the SWAP ratio) to the registered members of DATM as defined in Article – 4 hereinafter.

4) Benefits of the Scheme

To DATM and its Shareholders:

- Once the Scheme is implemented, the shareholders of DATM will get the shares of LSE Propotech Limited (LPL) and LSE Ventures Limited (LVL) under the Scheme, as per the determined SWAP ratio.
- The combined value (based on book value) of LPL and LVL shares that are being given to DATM's shareholders under the SWAP ratio is in excess of the book value (and market value) of DATM's shares. Thus, the shareholders of DATM shall gain from the merger transaction.
- The long-stuck shareholders of the Company shall also get a chance to exit from their investments upon the resumption of trading in DATM shares at PSX.
- Those shareholders who will continue to keep the shares SWAPped under the Scheme, will become the shareholders of two prestigious and potentially profitable entities.

Scheme of Demerger

To LSEFSL and its Shareholders:

- i. Once the Scheme is implemented, LSEFSL shall be able to ensure compliance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
- ii. LSEFSL shall be able to carry on the intended/planned permissible activities, including the provision of Finance, and will be able to take the licenses for Underwriting and Consultant to the Issue activities subject to compliance with the relevant regulations (e.g. investments in companies in pre IPO stage and revival of listed shell companies etc.).
- iii. LSEFSL shall continue to operate and abide by the Integration Order 1/2016, especially with regards to the role prescribed in the Order relating to the legacy matters from the period of its stock exchange operations, and more particularly handling litigations/matters for the settlement of investors' claims, defaulted members and the management of the legacy regulatory funds through the prescribed Funds Committee and the Trustees of the relevant Funds.
- iv. LSEFSL will become wholly owned subsidiary of LVL under the Scheme.
- v. The shareholders of the LSEFSL shall become the shareholders of the LVL under the SWAP Ratio.
- vi. Issued capital of LSEFSL shall be restructured and changed and LVL shall own 100% shares of LSEFSL under the Scheme.
- vii. LVL shall become the holding company of LSEFSL and the other associated company of LPL.
- viii. Currently, LVL and LPL are wholly owned subsidiary of LSEFSL. Shares issued to LSEFSL by LVL and LPL respectively shall be cancelled under the Scheme.
- ix. All existing strategic, long term and short-term investments presently held in LSEFSL shall be transferred to LVL. In this respect, LVL shall be bound to designate/classify its investments in CDC and NCCPL as "Available for Sale" in its balance sheet, and shall dispose of these shares in accordance with the valuation report from a reputable practicing Chartered Accountancy firm (which is already ongoing at the time of filing of this Scheme) to comply with the SECP's instructions on the subject.
- x. LPL shall retain the property, plant and equipment (including investment properties) and shall refocus its business on property management and shall specialize in digital property platform/management.
- xi. The existing land and building of LSEFSL transferred to LPL under this Scheme, shall be retained by LPL and the disposal thereof shall not be allowed without the prior written approval of the SECP. This restriction shall be included in the Memorandum of Association of LPL.
- xii. LPL and LVL shall be listed on PSX by virtue of merger of DATM (as a transferor) with and into LPL and LVL (as transferees).
- xiii. LPL will become the associated company of LVL by virtue of 30% shareholding of LVL in LPL and common directorship under the Scheme.

ARTICLE – 1 - DEFINITIONS

- i. In this Scheme of Arrangement (including the preamble hereto), unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:
 - (a) **"Act"** means the Companies Act, 2017;
 - (b) **"Commission"** means the Securities and Exchange Commission of Pakistan including its regional offices;
 - (c) **"Completion" or "Completion Date"** means date when undertaking and business are transferred (as per Article – 3) from Transferor to the Transferee within 120 days of Sanction Date and shares are issued/ swapped / cancelled as per SWAP ratio determined in this Scheme (as per Article-4);
 - (d) **"Court"** means the Lahore High Court, Lahore or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 282 of the Companies Act, 2017 in connection with this Scheme;
 - (e) **"DATM"** means Data Textiles Limited, a public limited company formed under Companies Ordinance, 1984;

Scheme of Demerger

- (f) **“Effective Date”** means 00:00 hours on July 31, 2022 or such other date as may be approved by the Court;
 - (g) **“LPL”** means LSE Proptech Limited, a public limited company formed under Companies Act, 2017;
 - (h) **“LSEFSL”** means LSE Financial Services Limited, a public limited company formed under Companies Ordinance, 1984;
 - (i) **“LVL”** means LSE Ventures Limited, a public limited company formed under Companies Act, 2017;
 - (j) **“NBFC Rules and Regulations”** means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008);
 - (k) **“PSX”** means Pakistan Stock Exchange Limited;
 - (l) **“Rs.”** shall mean “Rupees”, being the legal tender money of the Islamic Republic of Pakistan;
 - (m) **“Sanction Date”** has the meaning ascribed thereto in Article 6 (l)(iv), being the day on which the honorable Lahore High Court approves the Scheme and becomes operative;
 - (n) **“Scheme”** means this Scheme of Arrangement in its present form with any modification thereof or addition hereto approved by the Court and/or the Securities and Exchange Commission of Pakistan and/or the general meeting of members of the respective companies;
 - (o) **“Undertaking and Business - DATM”** means the assets, undertaking, business, liabilities of the Data Textiles Limited (including shares allocated under the Scheme) as more particularly described in Schedule - 6 hereto;
 - (p) **“Undertaking and Business - LSEFSL”** means the assets, undertaking, business, liabilities of the LSE Financial Services Limited (including shares allocated under the Scheme) as more particularly described in Schedule - 1 and Schedule - 2 hereto;
- II. The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

Scheme of Demerger

ARTICLE – 2 – SHARE CAPITAL and MANAGEMENT

I. LSE FINANCIAL SERVICES LIMITED

The authorized share capital of the Company is Rs. 2,000,000,000 divided into 200,000,000 of ordinary shares of Rs. 10/- each, out of which **179,597,880** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
51,313,680	Cash	513,136,800
128,284,200	Consideration other than Cash	1,282,842,000
-	Bonus Shares	-
179,597,880		1,795,978,800

The list of the shareholders is attached as **Schedule – 3** (List of Shareholders)

- Total number of shareholders of LSEFSL, as of the Effective Date is **262**.
- The Share Capital of the LSEFSL will not be changed for Ordinary Shares under the Scheme as described in Article-3 (IV). However, the pattern of shareholding can be changed till the Sanction Date.
- The Board of Directors of the Company (LSEFSL) before the Scheme is as follows:

Name of Director	Position
1. Mr. Zahid Latif Khan	Chairman / Independent Director
2. Mr. Asif Baig Mirza	Non-Executive Director
3. Mr. Ammar-ul-Haq	Non-Executive Director
4. Mr. Aftab Ahmad Chaudhry	Executive Director
5. Mr. Rizwan Ejaz	Independent Director
6. Ms. Huma Ijaz	Independent Director
7. Mr. Shahnawaz Mahmood	Independent Director
8. Mr. Muhammad Iqbal	Non-Executive Director
9. Mr. Khalid Waheed	Non-Executive Director
10. Mr. Salman Majeed	Non-Executive Director
11. Mr. Yasir Manzoor*	Non-Executive Director
12. Mr. Amir Zia	Chief Executive Officer / Non-Director

*subject to the approval from SECP

Impact of the Scheme: -

- The Share Capital of LSEFSL shall be SWAPPED under the Scheme with the shares of LVL as per the SWAP ratio determined in the Scheme. Each shareholder of LSEFSL shall get the shares of LVL as per the SWAP Ratio and shareholders of LSEFSL shall also get the shares of LPL (70% of share capital of LPL) as per the SWAP ratio determined in the Scheme.



Scheme of Demerger

6) After the de-merger under the Scheme, the authorized share capital and issued share capital of LSEFSL shall be the following:

Authorized Capital - Rs. 520,000,000 divided into 52,000,000 ordinary shares of Rs.10/- each

Issued, Subscribed and Paid-up Capital - Rs. 100,000,000 divided into 10,000,000 ordinary shares of Rs. 10/- each

- 1) The existing Board of Directors of LSEFSL shall continue to serve as directors of the Company after the de-merger/ split/arrangement, duly complying with the limitation prescribed under the Companies Act, 2017, and complete their remaining period. Next election of directors to elect the Board under Section 159 and 166 of the Companies Act, 2017 shall due on February 28, 2025.
- 2) LVL shall hold the entire shareholding of LSEFSL. The directors of LSEFSL shall hold at-least one share each being the nominee directors of LVL.
- 3) LSEFSL's equity investment in LPL and LVL shall stand cancelled as described in Article – 3. Neither goodwill nor any capital reserve shall arise for LSEFSL under the Scheme (except as mentioned in Article – 4).
- 4) LSEFSL shall continue under the ambit of NBFC Rules and Regulations, and shall continue to hold the license of investment finance services (IFS). Moreover, LSEFSL shall continue to comply within the restrictions and requisite requirements placed by Integration Order 1/2016 by the Commission under Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012.

II. LSE PROPTECH LIMITED

The authorized share capital of the Company is Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs. 10/- each out of which Rs. **50,000,000** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
5,000,000	Cash	50,000,000
-	Bonus Issue	-
5,000,000		50,000,000

(a) Pattern of Shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

		No. of Shares	%
1.	LSE Financial Services Limited	4,999,993	100%
2.	Khalid Waheed	1	0%
3.	Muhammad Iqbal	1	0%
4.	Habib Ur Rehman Gilani	1	0%
5.	Maleeha Humayun Bangash	1	0%
6.	Imran Amjad Khan	1	0%
7.	Asif Baig Mirza	1	0%
8.	Muzaffar Ahmad Virk	1	0%
		5,000,000	

Scheme of Demerger

- (b) The total number of shareholders of LPL, as of the Effective Date is **8**. LSEFSL owns 100% shares of LPL. However, the rest of the directors hold one share each being the nominees of LSEFSL.
- (c) The Share Capital of the LPL will not be changed for Ordinary Shares under the Scheme as described in Article-3 (IV). However, the pattern of shareholding can be changed till the Sanction Date.
- (d) The Board of Directors of the Company (LPL) before the Scheme is as follows:

	Name of Director	Position
1.	Mr. Habib Ur Rehman Gilani	Chairman / Director
2.	Mr. Asif Baig Mirza	Non-Executive Director
3.	Mr. Khalid Waheed	Non-Executive Director
4.	Mr. Kashif Shabbir	Independent Director
5.	Ms. Maleeha Humayun Bangash	Independent Director
6.	Mr. Aftab Ahmad Chaudhry	Non-Executive Director
7.	Mr. Imran Amjad Khan	Chief Executive Officer / Executive Director

- (e) The Board of Directors of the Company (LPL) after the Scheme shall be nominated by LSEFSL (immediately on Sanction Date before LSEFSL becomes the subsidiary of LPL) duly complying with the limitation prescribed under the Companies Act, 2017.

Impact of the Scheme:-

- (f) LPL shall become an associated company of LSE Ventures Limited (LVL). LVL shall hold 30% shares of LPL and remaining 70% shares will be held by the shareholders of LSEFSL (and by the shareholders of DATM) at the outset of Scheme.
- (g) The directors of LPL shall hold at-least **one** share each being the nominee directors of LVL.
- (h) After the de-merger under the Scheme, authorized share capital and issued share capital of LPL shall be the following:

Authorized Capital	- Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs.10/- each
Issued, Subscribed and Paid-up Capital	- Rs. 900,907,320 divided into 90,090,732 ordinary shares of Rs. 10/- each

- (i) The Property (land & building), equipment, investment property of LSEFSL shall be transferred to LPL from LSEFSL (as defined in Schedule – 1). Corresponding, revaluation surplus on fixed assets shall also be transferred to LPL from LSEFSL. The Undertaking and Business of DATM shall be transferred to LPL as per Schedule – 6.
- (j) The shares issued to LSEFSL by LPL shall stand cancelled and new shares shall be issued to LVL and to the shareholders of LSEFSL and to the shareholders of DATM under the Scheme.

No. of Shares after Implementation of the Scheme	90,090,732
Shares to be held by:	
LSE Ventures Limited	26,952,897
Shareholders of DATM	247,740
Shareholders of LSEFSL	62,890,094

- (k) Neither goodwill nor capital reserves are arisen for LPL under the Scheme (except as mentioned in Article – 4).
- (l) After the Scheme, LPL shall operate as a public listed entity.

Scheme of Demerger

III. LSE VENTURES LIMITED

The authorized share capital of the Company is Rs. 400,000,000 divided into 40,000,000 ordinary shares of Rs. 10/- each out of which **Rs. 10,000,000** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
1,000,000	Cash	10,000,000
-	Bonus Issue	-
1,000,000		10,000,000

(a) Pattern of Shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

		No. of Shares	%
1.	LSE Financial Services Limited	999,992	100%
2.	Shahnawaz Mahmood	1	0%
3.	Ammar UI Haq	1	0%
4.	Ghulam Mustafa	1	0%
5.	Inam Ullah	1	0%
6.	Muhammad Sajjad Hyder	1	0%
7.	Muhammad Usman	1	0%
8.	Amir Zia	1	0%
		1,000,000	

(b) The total number of shareholders of LVL, as of the Effective Date is **08**. LSEFSL owns 100% shares of LVL. However, the directors hold **one** share each being the nominees of LSEFSL.

(c) The Share Capital of the LVL will not be changed for Ordinary Shares under the Scheme as described in Article-3 (IV). However, the pattern of shareholding can be changed till the Sanction Date.

(d) The Board of Directors of the Company (LVL) before the Scheme is as follows:

	Name of Director	Position
1.	Mr. Muhammad Iqbal	Chairman / Non-Executive Director
2.	Mr. Ammar UI Haq	Non-Executive Director
3.	M/s Minahil Ali	Independent Director
4.	Mr. Shahnawaz Mahmood	Non-Executive Director
5.	Mr. Tabassum Munir	Independent Director
6.	Mr. Amir Zia	Non-Executive Director
7.	Aftab Ahmad Chaudhry	Chief Executive Officer / Executive Director

Scheme of Demerger

Impact of the Scheme:-

(e) The Board of Directors of the Company (LVL) after the Scheme shall be nominated by LSEFSL (immediately on Sanction Date before LSEFSL becomes the subsidiary of LVL) duly complying with the limitation prescribed under the Companies Act, 2017.

(f) LSEFSL shall become the wholly owned subsidiaries of LVL.

(g) After the de-merger under the Scheme, the authorized share capital and issued share capital of LVL shall be the following:

Authorized Capital - Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs.10/- each

Issued, Subscribed and Paid-up Capital - Rs. 1,795,978,800 divided into 179,597,880 ordinary shares of Rs. 10/- each

(h) No additional fee shall be paid to the Commission for the increase in the authorized capital of LVL since the total value of the authorized capital under the Scheme is not changed as follows:

Name of the Company	Authorized Capital before the Scheme	Authorized Capital after the Scheme
LSE Financial Services Limited (LSEFSL)	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each	Rs. 520,000,000 divided into 52,000,000 ordinary shares of Rs. 10/- each
LSE Proptech Limited (LPL)	Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs. 10/- each	Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs. 10/- each
LSE Ventures Limited (LVL)	Rs. 400,000,000 divided into 40,000,000 ordinary shares of Rs. 10/- each	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each
Data Textiles Limited (DATM)	Rs. 120,000,000 divided into 12,000,000 ordinary shares of Rs. 10/- each	Dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up
Total in Rs.	Rs. 4,020,000,000	Rs. 4,020,000,000

(i) Investments in the equity shares (including long term investments, investments in associated companies, short term investments), cash and bank balances, investments under margin trading system etc. shall be transferred to LVL from LSEFSL (as described in Schedule – 2).

(j) The corresponding, trade and other liabilities, deferred tax liabilities and retained earnings shall also be transferred to LVL from LSEFSL.

(k) The Undertaking and Business of DATM shall be transferred to LVL as per Schedule – 6.

(l) The shares of LSEFSL issued to the shareholders (immediately before the Sanction date) shall stand cancelled. Shareholders of LSEFSL (and shareholders of DATM) shall get the shares of LVL as per the SWAP ratio defined in Article-3 of the Scheme.

No. of Shares after Implementation of the Scheme	179,597,880
Shares to be held by:	
Shareholders of DATM	247,740
Shareholders of LSEFSL	179,350,140



Scheme of Demerger

(m) Neither goodwill nor capital reserves shall arise for LVL under the Scheme (except as mentioned in Article – 4).

(n) The shares issued to LSEFSL by LVL shall stand cancelled.

(m) LVL shall operate as a publicly listed company only.

IV. DATA TEXTILES LIMITED

The authorized share capital of the Company is Rs. 120,000,000 divided into 12,000,000 of ordinary shares of Rs. 10 each out of which **9,909,616** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
9,909,616	Cash	99,096,160
-	Consideration other than Cash	-
-	Bonus Shares	-
9,909,616		99,096,160

(a) The Pattern of Shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

Shareholders	No of Shares	% Held
Sponsors	6,575,416	66.36%
NBP (Trustee) NI(U)T Fund	618,595	6.24%
Public & Others	2,715,605	27.40%
Total	9,909,616	100.00%

Note: Some share transfer requests have been pending at the end of the Company/Share Registrar, which shall be subject to transfer upon the removal of suspension of the Company under PSX Rulebook.

(b) The total number of shareholders of DATM, as of the Effective Date is **897**.

(c) The Share Capital of the Company (DATM) will not be changed for Ordinary Shares under the Scheme as described in Article-3 (IV). However, any other class of shares can be issued, redeemed, or converted, if provided in the Memorandum and Articles of Association and conversion ratio will be adjusted according to SWAP ratio determined under the Scheme if conversion takes place after the Sanction Date. However, SWAP ratio will not be changed if conversion occurs before the Sanction Date. Moreover, pattern of shareholding can be changed till the Sanction Date.

(d) As of now, no Board of Directors of the Company (DATM) exists due to the appointment of an Official Liquidator by the Honorable Lahore High Court. The functions and the role of the Board of the Company are performed by the Official Liquidator.

Impact of the Scheme:-

(e) On the completion of merger / amalgamation and after the issuance of shares of LPL and LVL to the registered members of DATM, DATM will be dissolved by the order of the Honorable Lahore High Court, without winding up.

Scheme of Demerger

(f) The Shares of LPL and LVL to be issued to the registered member of DATM is as follows:

No. of Shares Outstanding	9,909,616
No. of Shares to be Issued (to the shareholders of DATM) of:	
- LSE PropTech Limited	247,740
- LSE Ventures Limited	247,740

(g) The Undertaking and Business of DATM shall be transferred to LPL and LVL (as described in Schedule – 6). Moreover, the listing status at PSX [along with CDS rights with Central Depository Company of Pakistan Limited (CDC)] shall be transferred to LPL and LVL.

(h) LVL and LPL shall become listed entities at PSX and will be declared as eligible securities in CDS by the CDC on the Sanction date.

(i) Neither goodwill nor any capital reserves shall arise for LVL under the Scheme (except as mentioned in Article – 4).

ARTICLE – 3 – SCHEME OF ARRANGEMENT

GENERAL

- I. This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 282 of the Act for the transfer and vesting of the Undertaking and Business of LSEFSL on partial basis from LSEFSL (as a Transferor) into LVL and LPL (as Transferees) and for the complete transfer and vesting of the Undertaking and Business of DATM on full basis from DATM (as a Transferor) into LVL and LPL (as Transferees).
- II. LSEFSL shall continue as an NBFC and shall operate as an “Investment Finance Service” company under its current license granted under the NBFC Rules and Regulations. However, the designated assets and liabilities shall be transferred to LVL and LPL as described below.
- III. A balance sheet has been prepared by LSEFSL (along with LPL, LVL, DATM) (appended herewith as Schedule 4 – Statement of Financial Position showing Demerger (of LSE Financial Services Limited) Effect and Merger (of Data Textiles Limited) Effect) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LSEFSL, LPL, LVL and DATM, as reflected in the books of account of LSEFSL, LVL, LPL and DATM respectively immediately preceding the Effective Date and which has been audited by the respective auditor. This balance sheet shows the assets and liabilities and reserves that are being transferred from LSEFSL and DATM to LPL and LVL. Schedule – 4 shall be certified by the practicing Chartered Accountants along with SWAP ratios.
- IV. Balance sheet shall be prepared by LSEFSL of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LSEFSL, as reflected in the books of account of LSEFSL as of the Sanction Date and which shall be audited by the Auditors of LSEFSL, within sixty (60) days of the Sanction Date. This balance sheet shall determine the assets, liabilities and reserves to be transferred to LPL and LVL.
- V. A balance sheet shall be prepared by DATM of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of DATM, as reflected in the books of account of DATM as of the Sanction Date and which shall be audited by the Auditors of DATM, within sixty (60) days of the Sanction Date. This balance sheet shall determine the assets, liabilities and reserves to be transferred to LPL and LVL.

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- VI. The Balance Sheet has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out the methodology and assumptions used in identifying the Undertaking and Business of LSEFSL.
- VII. The transferee (LPL and LVL respectively) shall be bound to discharge any liability in respect of the assets acquired and any liability in respect of the assets shall not exceed the transferor's (LSEFSL and DATM as the case may be) cost of the assets at the time of the disposal and the transferee must not be exempt from tax for the tax year in which the disposal takes place.

TRANSFER OF THE UNDERTAKING AND BUSINESS FROM LSEFSL TO LPL

- VIII. The Undertaking and Business of LSEFSL shall be transferred and vested in LPL in the following manner:
- a. The designated immovable and movable assets, liabilities, revaluations reserves, capital and revenue reserves described in Schedule – 1 (The Undertaking and net assets of LSEFSL to LPL) shall be transferred to LPL from LSEFSL. Generally, these net assets include land, building, equipment, investment property, cash and bank balances, revaluation reserves and related liabilities.
 - b. The Undertaking of LSEFSL as at the effective date shall, without any further act, Instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in LPL on the Effective Date.
 - c. The transfer / vesting shall be subject to the existing charges/ mortgages/ hypothecation, if any. There are, however no charges/mortgages/hypothecation registered on the assets of LSEFSL.
 - d. Such assets of LSEFSL, which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, shall be so transferred and shall become the property of LPL as its integral part. All the bodies, departments and concerned institutions/companies, wherever required, shall transfer the assets without any cost, taxes, any further act or deed by the LPL.
 - e. All the utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and others allowed, licensed or provided by any Government agency (including Water and Power Development Authority, Water and Sanitation Agency, Sui Northern Gas Pipelines Limited, Sui Southern Gas Limited) or other agency to the LSEFSL with the respective benefits including the deposits and prepayments, Government approvals, (if any) will stand transferred without any additional charges/costs to the LPL. The security deposits and any other cost paid by LSEFSL against any of these and other existing facilities shall remain unchanged and the charge of name shall take place without any additional fee, charges or costs whatsoever and without any delay.
 - f. All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges of the LSEFSL (related to transferred assets to LPL) shall stand transferred to LPL.
 - g. All the titles of land and other immovable property registered in the name of the LSEFSL will stand transferred in the name of LPL. However, the existing land and building of LSEFSL, after transfer to LPL, shall not be disposed of without the prior written approval of the Commission.
 - h. The lease rights (short term and long term), equitable rights, legal rights given by LSEFSL to the third parties shall be transferred (with all rights and obligations) from LSEFSL to LPL.
 - i. Undertaking and Business – LSEFSL (Schedule-1) transferred to LPL commensurate to principal business under Object Clause of Memorandum of Association of LPL.

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TRANSFER OF UNDERTAKING AND BUSINESS FROM LSEFSL TO LVL

- IX. The Undertaking and Business of LSEFSL shall be transferred and vested in LVL in the following manner:
- a. Designated movable assets, liabilities, revaluations reserves, capital and revenue reserves described in Schedule – 2 (The Undertaking and net assets of LSEFSL to LVL) shall be transferred to LVL from LSEFSL. Specifically, these net assets include long-term investments, investment in associated companies and Undertaking, investment in margin trading system, cash and bank balances, revaluation reserves and related liabilities.
 - b. The Undertaking of LSEFSL, as at the effective date shall, without any further act, instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in LVL on the Effective Date.
 - c. The transfer / vesting shall be subject to the existing charges/ mortgages/ hypothecation, if any. There are, however no charges/mortgages/hypothecation registered on the assets of LSEFSL.
 - d. Such of the assets of LSEFSL which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, the same shall be so transferred and shall become property of the LVL as its integral part. All the bodies, departments and concerned institutions/companies, wherever required, shall transfer the assets without any further act or deed or charges or taxes upon/by the LVL.
 - e. All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges of the LSEFSL (related only to transferred assets of LSEFSL to LVL) shall stand transferred to LVL.
 - f. Undertaking and Business - LSEFSL (Schedule-2) transferred to LVL commensurate to principal business under Object Clause of Memorandum of Association of LVL.

TRANSFER OF UNDERTAKING AND BUSINESS FROM DATM TO LVL AND LPL

- X. The Undertaking and Business of DATM shall be transferred and vested in LVL and LPL in the following manner:

FROM DATM TO LPL

- a. The Undertaking and Net Assets of DATM shall be transferred to LPL (**as per Schedule – 6** hereinafter may be called **“designated net assets for LPL”**) as at the **Effective Date** shall, without any further act, Instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in LPL on the **Effective Date**.
- b. The transfer / vesting shall be subject to the existing charges/ mortgages/ hypothecation, if any. There are, however no charges/mortgages/hypothecation registered on the assets of DATM.
- c. Such of the designated net assets for LPL, which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, shall also be so transferred and shall become the property of LPL as its integral part. All the bodies, department and concerned institutions/companies wherever required shall transfer the assets without any further act or deed or charges or taxes by LPL.
- d. All the immovable assets and properties and other rights, connections (as described in “designated net assets for LPL in Schedule – 6), of DATM shall stand transferred in the name of LPL on the **Effective Date**, without any fee, charges, cost, act or formality, and all the bodies, institutions, companies and concerned Government departments and functionaries shall effect the transfer of the rights, privileges and status in the name of LPL without any act or deed and without payment of any amount whatsoever. Any unforeseen assets not mentioned in Schedule – 6, which may become known (becomes right) shall also become the assets of LPL.

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- e. The listing status of DATM with Pakistan Stock Exchange (PSX) and CDS rights, if so held, with Central Depository Company of Pakistan Limited (CDC) etc. (as described in “designated net assets for LPL in Schedule – 6), shall stand transferred in the name of LPL on the **Effective Date**, without any fee, charges, cost, act or formality, and PSX, CDC, and concerned Government departments and functionaries shall effect the transfer of the listing rights, privileges and status in the name of LPL without any act or deed and without payment of any amount whatsoever.
- f. All the liabilities of DATM (as per Schedule – 6) as at the **Effective Date** shall, without any further act, deed or instruments be and shall stand transferred and vested in LPL so as to become as and from the effective date the debts, liabilities and obligations of LPL. LPL will discharge all such outstanding liabilities and obligations in due course as if they der originally the liabilities and obligations of LPL instead of DATM.
- g. All the banking balances, if any, whether current deposit, investment of all natures, saving or others and other accounts maintained in the name of DATM will stand transferred to LPL (as mentioned in Schedule – 6). There are however, no such deposits in the name of DATM.
- h. All the utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and others allowed, licensed or provided by any Government agency (including Water and Power Development Authority, Water and Sanitation Agency, Sui Northern Gas Pipelines Limited, Sui Southern Gas Limited) or other agency to the DATM will stand transferred without any additional charges to the LPL with the respective benefits including the deposits and prepayments, Government approvals, (if any). The security deposits and any other cost paid by DATM against any of these and other existing facilities shall remain unchanged and the charge of name shall take place without any additional fee, charges or costs whatsoever and without any delay.
- i. All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges of the DATM shall stand transferred to LPL.
- j. All the titles of land and other immovable property registered in the name of the DATM (as mentioned in Schedule – 6) will stand transferred in the name of LPL.
- k. All the rights in respect of any and all trade-marks, patents, copy rights and other rights and obligations in respect thereof of DATM shall stand transferred to LPL.
- l. All the contracts, agreements and other instruments executed by the merging companies and subsisted in favor of the DATM and its right and obligations there under shall stand transferred to LPL.
- m. All the employment contracts and obligations there under of the DATM shall stand transferred to the LPL.
- n. All obligations including payment of any taxes, duties and rights in respect of any entitlements, refunds, tax losses (revenue, capital, depreciation or otherwise) tax credits from any assessment, deemed assessment, appeal, rectification or modification of assessment under the law in respect of DATM shall also stand transferred and vested in LPL.
- o. Since presently DATM does not have any operating assets that could be transferred to LPL, no change/ alteration in the Object Clauses of Memorandum of the Association of LPL is required.

FROM DATM TO LVL

- a. The Undertaking and Net Assets of DATM shall be transferred to LPL (**as per Schedule – 6** hereinafter may be called “**designated net assets for LVL**”) as at the effective date shall, without any further act, Instrument or deed, charges or taxes, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in LVL on the Effective Date.

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- b. The transfer / vesting shall be subject to the existing charges/ mortgages/ hypothecation, if any. There are, however no charges/mortgages/hypothecation registered on the assets of DATM.
- c. Such of the designated net assets for LVL which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, the same shall be so transferred and shall become property of the LVL as its integral part. All the bodies, department and concerned institutions/companies wherever required shall transfer the assets without any further act or deed by the LVL.
- d. All the immovable assets and properties and other rights, connections (as described in "designated net assets for LVL in Schedule – 6), of DATM shall stand transferred in the name of LPL on the **Effective Date**, without any fee, charges, cost, act or formality, and all the bodies, institutions, companies and concerned Government departments and functionaries shall effect the transfer of the rights, privileges and status in the name of LVL without any act or deed and without payment of any amount whatsoever. Any unforeseen assets not mentioned in Schedule – 6, which may become known (becomes right) shall also become the assets of LPL.
- e. The listing status of DATM with Pakistan Stock Exchange (PSX) and CDS rights, if so held, with Central Depository Company of Pakistan Limited (CDC) etc. (as described in "designated net assets for LPL in Schedule – 6), shall stand transferred in the name of LVL on the **Effective Date**, without any fee, charges, cost, act or formality, and PSX, CDC, and concerned Government departments and functionaries shall effect the transfer of the listing rights, privileges and status in the name of LVL without any act or deed and without payment of any amount whatsoever.
- f. All the liabilities of DATM (as per Schedule – 6) as at the effective date shall, without any further act, deed or instrument be and shall transferred and vested in LVL so as to become as and from the effective date the debts, liabilities and obligations of LVL. LVL will discharge all such outstanding liabilities and obligations in due course as if they der originally the liabilities and obligations of LVL instead of DATM. Any unforeseen liabilities not mentioned in Schedule – 6 which becomes known and due shall be the liability of LVL.
- g. All the legal proceedings instituted, causes, suits, appeals, petitions, revisions of whatever nature by or against DATM in the Court of Law which will be pending on the effective date will be continued prosecuted and enforced by or against LVL as if this Scheme had not been made, and the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme. Thereafter, upon completion date, such legal proceedings shall stand transferred to LVL.
- h. All the banking, whether current deposit, investment of al natures, saving or others and other accounts maintained in the name of DATM will stand transferred to LVL (as mentioned in Schedule – 6).
- i. All the titles of land and other immovable property registered in the name of the DATM (as mentioned in Schedule – 6) will stand transferred in the name of LVL.
- j. Since presently DATM does not have any operating assets that could be transferred to LVL, no change/ alteration in the Object Clauses of Memorandum of the Association of LVL is required.

CONDUCT OF BUSINESS BY DATM TILL THE COMPLETION DATE

- XI. Till the Sanction Date, DATM shall not sell, transfer or dispose of the Undertaking and Business.
 - (i) The amalgamation / merger in accordance with this Scheme shall be treated as having taken effect from the Sanction Date and as from that time and until the Effective Date when the DATM Undertaking and Business is transferred to and vested in LPL and LVL. DATM shall carry on and be deemed to carry on all its business and activities, if any, and shall stand possessed of its properties and assets, if any, for and on account of and in trust for LPL and LVL and all the profits

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accruing to DATM or losses arising or incurred by them, if any, shall for all purposes be treated as the profits or losses, if any, of LPL and LVL.

- (ii) It is hereby undertaken by DATM (through the Official Liquidator) that it will carry on its businesses, if any, until the Sanction Date with reasonable diligence, business prudence and shall not except, in the ordinary course of business or without the prior written consent of the Official Liquidator and/or LSESFL alienate, charge, mortgage, hypothecate, encumber or otherwise deal with or dispose of the respective Undertakings or any part thereof.

DETERMINATION OF UNDERTAKING AND BUSINESS

XII. A balance sheet:

- (i) has been prepared by DATM (appended herewith as Schedule 7) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of DATM, as reflected in the books of account of DATM immediately preceding the Effective Date and which has been audited by the Auditors of DATM;
- (ii) shall be prepared by DATM of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of DATM, as reflected in the books of account of DATM as of the Sanction Date and which shall be audited by the Auditors of DATM, within sixty (60) days of the Sanction Date;
- (iii) has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include the notes setting out the methodology and assumptions used in identifying the Undertaking and Business of DATM.

XIII. A balance sheet:

- (i) has been prepared by LSEFSL (appended herewith as Schedule 7) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LSEFSL, as reflected in the books of account of LSEFSL immediately preceding the Effective Date and which has been audited by the Auditors of LSEFSL;
- (ii) shall be prepared by LSEFSL of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LSEFSL, as reflected in the books of account of LSEFSL as of the Sanction Date and which shall be audited by the Auditors of LSEFSL, within sixty (60) days of the Sanction Date;
- (iii) has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out the methodology and assumptions used in identifying the Undertaking and Business of LSEFSL.

XIV. A balance sheet:

- (i) has been prepared by LPL (appended herewith as Schedule 7) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LPL, as reflected in the books of account of LPL immediately preceding the Effective Date and which has been audited by the Auditors of LPL;
- (ii) shall be prepared by LPL of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LPL, as reflected in the books of account of LPL as of the Sanction Date and which shall be audited by the Auditors of LPL, within sixty (60) days of the Sanction Date;

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

XV. A balance sheet:

(i) has been prepared by LVL (appended herewith as Schedule 7) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of LVL, as reflected in the books of account of LVL immediately preceding the Effective Date and which has been audited by the Auditors of LVL;

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

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

ARTICLE – 4 – SHARES

CONSIDERATION

- I. Upon the Scheme being effective in terms of the order of the Court, as a consideration for the transfer to and vesting in LSE Ventures Limited and LSE Proptech Limited of the Undertaking and Business of **LSE Financial Services Limited** as defined in the Scheme, shares shall be issued at par value subject to the terms of this Scheme and without any further application, deed or instrument.
- II. Upon the Scheme being effective in terms of the order of the Court, as a consideration for the transfer to and vesting in LSE Ventures Limited and LSE Proptech Limited of the Undertaking and Business of **Data Textiles Limited** as defined in the Scheme, shares shall be issued at par value subject to the terms of this Scheme and without any further application, deed or instrument.
- III. Shares shall be issued as follows:

SHARES ISSUANCE BY LSE PROPTECH LIMITED

Type of Share to be Issued by LPL	No. of Shares to be Issued	Shares to be Issued to	Remarks
Ordinary Shares of Rs. 10/- each	26,952,897	LSE Ventures Limited	Directors shall hold at-least one share each being the nominees of LVL
	247,740	Shareholders of DATM	
	62,890,094	Shareholders of LSEFSL	

Scheme of Demerger

SWAP Ratio

	from LSEFSL	from DATM	LPL	Total Position
LSE PropTech Limited	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000
Assets Transferred	1,669,692	3,111	50,216	1,723,019
Liabilities Transferred	-	(20,494)		(20,494)
	1,669,692	(17,383)	50,216	1,702,525
Represented by:				
Share Capital				900,907
Retained Earnings	4,203		216	4,419
Merger Reserves				22,630
Revaluation Reserves Transferred	774,569			774,569
Retained Earnings	155,701	(155,701)		-
				1,702,525

	from LSEFSL	from DATM	LPL	Total Position
No. of Shares allocated to DATM's Shareholders		00.27%		247,740
No. of Shares allocated to LSEFSL's Shareholders		69.81%		62,890,094
No. of Shares allocated to LVL		29.92%		26,952,897
				90,090,732

SHARES ISSUANCE BY LSE VENTURES LIMITED

Type of Share to be Issued by LVL	No. of Shares to be Issued	Shares to be Issued to	Remarks
Ordinary Shares of Rs. 10/- each	179,350,140	Shareholders of LSEFSL on Sanction Date	Directors shall hold at-least one share each being the nominees of LVL. Moreover, SWAP Ratio for LSEFSL's shareholder is 99.862:100 i.e. 99,862 shares of LVL shall be issued against 100,000 shares of LSEFSL
	247,740	Shareholders of DATM on Sanction Date	

Scheme of Demerger

SWAP Ratio

	from LSEFSL	from DATM	LVL	Total Position
	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000
LSE Ventures Limited				
Assets Transferred	1,890,218	-	10,000	1,900,218
Investment in LSEFSL				100,000
Investment in LPL				270,272
Goodwill arising on De-Merger				22,630
Liabilities Transferred	(257,775)	(39,222)		(296,997)
	1,632,443	(39,222)	10,000	1,996,123
Represented by:				
Share Capital				1,795,979
Retained Earning	200,144			200,144
				1,996,123
No. of Shares allocated to DATM's Shareholders	00.138%			247,740
No. of Shares allocated to LSEFSL's Shareholders	99.862%			179,350,140
				179,597,880

SHARES ISSUANCE BY LSE FINANCIAL SERVICES LIMITED

Type of Share to be Issued by LSEFSL	No. of Shares to be Issued	Shares to be Issued to	Remarks
Ordinary Shares of Rs. 10/- each	10,000,000	LSE Ventures Limited	Shares of LSEFSL issued to the shareholders of LSEFSL as on Sanction Date shall be cancelled. Directors shall hold at-least one share each being the nominees of LSEFSL.

Scheme of Demerger

Residual Balance Sheet	
Rs. in 000	
LSE Financial Services Limited	
Assets remaining in LSEFSL	202,963
Less: Liabilities	(68,482)
	134,481
Represented by:	
Share Capital	100,000
Retained Earning	34,481
	134,481
No. of Shares to be Issued to LVL	10,000,000

SHARES ISSUED TO SHAREHOLDERS OF DATA TEXTILES LIMITED

Rs. in 000	
Data Textiles Limited	
Share Capital	99,096
Accumulated Loss	(155,701)
Net Worth	(56,605)
No. of Shares Outstanding	9,909,616
Market Value	0.50
Total Market Capitalization	4,954,808

	LPL	LVL
Market Capitalization allocated	2,477,404	2,477,404
No. of Shares allocated	247,740	247,740

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	LSE PropTech Limited	LSE Ventures Limited
	Rs. in 000	Rs. in 000
Tax refunds due from Government – net	3,111	-
	3,111	-
Long term financing		39,222
Trade and other payables	20,494	
	20,494	39,222
Net Assets Transferred	(17,383)	(39,222)

- IV. Any cross holding, if any, existing at the Sanction Date will be eliminated and no shares will be issued under the SWAP ratio i.e. such shares of LVL and LPL held by LSEFSL shall stand cancelled on the Sanction date.
- V. The SWAP ratio has been calculated on the basis of valuation of shares of all companies (LSEFSL, LPL, LVL and DATM) by Kreston Hyderbhimji & Co., Chartered Accountants. The resulting SWAP ratio, so worked out, will benefit the members of all companies.
- VI. Normally, the following three factors are given considerations while working out the SWAP ratio:
- book value/net asset value/break-up value;
 - market value of shares; and
 - dividend earning capacity of the merging companies;

As LSEFSL, along with LPL and LVL, are unlisted companies; therefore, the market value of shares has not been considered as one of the factors in calculating the SWAP ratio. Similarly, the dividend earning capacities of LPL and LVL have not been considered as the other factor as these companies have not declared any dividend as yet. However, only the last applicable market value of DATM has been considered in the valuation since operations of this Company had long been discontinued and net worth (book value) of the Company is negative.

TRANSFER/CANCELLATION OF SHARES

- VII. All members whose names shall appear in the register of member of LSEFSL, on such date after the Sanction Date as the Board of Directors of LVL and LPL respectively may determine, shall surrender their share certificates for cancellation thereof to LVL and LPL respectively. In default, upon the new shares being allotted and issued by LVL to the members of LSEFSL, to those whose names shall appear on the respective register of members on such date, as aforesaid, the share certificate in relation to the shares held by them in LSEFSL shall be deemed to have been duly cancelled. At least fourteen (14) days' notice shall be given to the members of LSEFSL of the date fixed by the directors of LVL and LPL respectively, for determining the entitlements to ordinary shares of LVL and LPL to be issued to the members of LSEFSL. The members holding physical shares, if any, will deliver the share certificates to the company for cancellation and shall be issue the shares of LVL and LPL in physical form within thirty (30) days from the reopening of Book Closure. As the

Scheme of Demerger

shares of LSEFSL are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares of LVL and LPL shall be directly credited by book entries in the CDS in lieu of the scrip-less shares of LSEFSL to their respective Investors' accounts or sub-accounts with CDC participants within thirty (30) days from the reopening of Book Closure made for the determination of the merger entitlements.

- VIII. All members whose names shall appear in the register of member of DATM on such date, after the Sanction Date, as the Board of Directors of LVL and LPL respectively may determine, shall surrender their share certificates for cancellation thereof to LVL. In default, upon the new shares being allotted and issued by LVL and LPL to those members of DATM whose names shall appear on the respective register of members of DATM on such date, as aforesaid, the share certificates in relation to the shares held by them in DATM, shall be deemed to have been duly cancelled. At least fourteen (14) days' notice shall be given to the members of DATM of the date fixed by the directors of LVL and LPL respectively for determining the entitlements to ordinary shares of LVL and LPL respectively to be issued to the members of DATM. The members holding physical shares will deliver the share certificates to the company (DATM) for cancellation and shall be respectively issued the shares of LVL and LPL in physical form within thirty (30) days from the reopening of the Book Closure. As DATM's shares are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares shall be directly credited by book entries in the CDS in lieu of the scrip-less shares of DATM to their respective Investors' accounts or sub-accounts with CDC participants within thirty (30) days from the reopening of the Book Closure made for determination of merger entitlements.
- IX. Upon allotment of the Ordinary shares of LVL to the members of LSEFSL and DATM (and ordinary shares of LPL to the members of LSEFSL and DATM) in the manner aforesaid, all share certificates representing the ordinary shares of LSEFSL and DATM respectively shall stand cancelled.
- X. While making allotment of the new shares, the fractional allotments above 0.5 shares shall be rounded up to one share and any fraction below 0.5 shall be ignored.
- XI. Shares will be issued by LVL to the members of LSEFSL under the SWAP ratio. The working of the merger adjustment and the Balance Sheet of LVL, to emerge immediately after the merger is attached herewith in Schedule 2 and Schedule 4. Neither any Goodwill nor any merger reserve (as capital reserve) has arisen on this demerger/arrangement.
- XII. Shares will be issued by LPL to the members of LSEFSL under the SWAP ratio. The working of the merger adjustment and the Balance Sheet of LPL, to emerge immediately after the merger is attached herewith in Schedule 1 and Schedule 4. Neither any Goodwill nor any merger reserve (as capital reserve) has arisen on this demerger/ arrangement.
- XIII. Shares will be issued to the shareholders of DATM by LVL and LPL under the SWAP ratio. The working of the merger adjustment and the Balance Sheet, to emerge immediately after the merger is attached herewith in Schedule 6. Neither any Goodwill nor any merger reserve (as capital reserve) has arisen on this demerger/ arrangement.
- XIV. New shares shall be issued by LSEFSL to LVL.
- XV. New Shares shall be issued by LPL to LVL.
- XVI. Any share issued by LVL to LSEFSL shall stand cancelled.
- XVII. Any share issued by LPL to LSEFSL shall stand cancelled.
- XVIII. Effective date of the Scheme is July 31, 2022 or any other date which is determined by the honorable Lahore High Court. Final 'Scheme' shall be submitted to the honorable Lahore High Court after July 31, 2022 along with financial statements, schedules, and other financial figures based on July 31, 2022. However, this will not affect the SWAP ratio determined in the Scheme. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. Moreover, actual transfer will be effectuated on sanctioned date, when the Scheme shall become the operative (as defined in Article - 3 of the Scheme). No further approval shall be required from the shareholders of the Company.

Scheme of Demerger

Based on July 31, 2022, Goodwill is arisen in LVL under the Scheme and corresponding Merger Reserves is arisen in LPL under the Scheme.

ARTICLE – 5 – RIGHTS AND OBLIGATIONS

RIGHTS AND OBLIGATIONS OF LSEFSL, DATM, LPL AND LVL IN RESPECT OF THE UNDERTAKING AND BUSINESS

- I. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against LSEFSL in respect of the Undertaking and Business (as defined in Schedule 1) and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against LPL, and may be continued, prosecuted and enforced by or against LPL accordingly.
- II. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against LSEFSL in respect of the Undertaking and Business (as defined in Schedule 2) and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against LVL and may be continued, prosecuted and enforced by or against LVL accordingly.
- III. All taxes on income, including but not limited to, advance tax and withholding taxes, collected/deducted from the Effective Date till the Sanction Date in respect of the Undertaking and Business shall, shall be deemed to, be to the benefit and credit of LSEFSL and shall not be transferred.
- IV. The capital reserves, revenue reserves, revaluation surpluses and accumulated profits and losses of LSEFSL, as at the day preceding the Effective Date and immediately preceding the Sanction Date respectively, as audited by the Auditors relating to the Undertaking and Business, shall constitute and be treated as reserves and revaluation surpluses of a corresponding nature in LPL and LVL (as defined and mentioned in Schedule 4), and shall be accounted on that basis in the books of accounts of LPL and LVL respectively.
- V. The authorized share capital of LSEFSL and DATM shall be reduced/merged with the authorized share capital of LVL.

Name of the Company	Authorized Capital before the Scheme	Authorized Capital after the Scheme
LSE Financial Services Limited (LSEFSL)	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each	Rs. 520,000,000 divided into 52,000,000 ordinary shares of Rs. 10/- each
LSE Proptech Limited (LPLP)	Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs. 10/- each	Rs. 1,500,000,000 divided into 150,000,000 ordinary shares of Rs. 10/- each
LSE Ventures Limited (LVL)	Rs. 400,000,000 divided into 40,000,000 ordinary shares of Rs. 10/- each	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each
Data Textiles Limited (DATM)	Rs. 120,000,000 divided into 12,000,000 ordinary shares of Rs. 10/- each	To be dissolved under the Order of the Honorable Lahore High Court, Lahore, without winding up
Total in Rs.	Rs. 4,020,000,000	Rs. 4,020,000,000

- VI. The merged authorized capital will also be increased further, if so required, with the approval of the shareholders by passing a special resolution in the general meeting, in accordance with the requirements of the Companies Act, 2017.



Scheme of Demerger

- VII. The transferee (LPL and LVL) must undertake to discharge any liability in respect of the assets acquired, if any, and any liability in respect of the assets must not exceed the transferor's cost of the assets at the time of the disposal and the transferee must not be exempt from tax for the tax year in which the disposal of such assets takes place.
- VIII. The assets acquired by the transferees (LVL and LPL) shall be treated as having the same character as the same had in the hands of the transferor (LSEFSL).
- IX. The rights and obligations related to DATM are fully described and explained in Article – 3.

TRANSFER OF STAFF AND EMPLOYEES

- X. Every officer, staff or other employees of LSEFSL and DATM (if any) on the Effective Date shall become the officers, staff or employees, as the case may be, of LVL and LPL (as mentioned in Schedule 5) on the basis that their services have not been interrupted by the transfer and vesting of Undertaking and Business of LSEFSL (and of DATM) into LVL and LPL under this Scheme and on the same remuneration and other conditions of service, rights, privileges as to the provident fund, gratuity, if any, and other matters as had been applicable to them, before the effective date.

ARTICLE – 6 – GENERAL PROVISIONS

SANCTION AND EFFECTIVENESS OF SCHEME

- I. Sanctions and Provisions of the Scheme:
 - (i) This Scheme has been formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 of the Act for bringing the Scheme into effect.
 - (ii) This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with or without any modification thereof or addition thereto as the Court may approve and this Scheme shall become effective, with such modification or addition, if any, also subject to any conditions, which the Court may impose.
 - (iii) The respective Boards of Directors of LSEFSL, LPL and LVL have approved the foregoing Scheme for submission to the Court, while the shareholders (and subsequently the Board) of DATM have also approved the Scheme, for obtaining the sanction of the Court thereupon. The respective Board of Directors of LSEFSL, LPL and LVL and DATM, have also been authorized to, consent, singly or jointly on behalf of all concerned, to any modifications or additions or alterations to this Scheme or to any conditions, which the Court may think fit to impose and may give any directions, as the honorable Court may consider necessary to settle any question(s) or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
 - (iv) The provisions of this Scheme shall become binding and operative on the date (the "**Sanction Date**") that a certified copy of the order or orders of the Court under Section 279 of the Act, sanctioning this Scheme and by making any necessary provisions under Section 282 of the Act, and upon such Scheme having been filed with the office of the Registrar of Companies, SECP, Lahore.
 - (v) Notwithstanding that the Scheme becomes binding and operative on the Sanction Date, the demerger of LSEFSL and merger of DATM, and transfer to and vesting in LPL and LVL, of the Undertaking and Business shall be deemed to have taken place on the "**Effective Date**" and shall be treated accordingly, as per the provisions of this Scheme.
 - (vi) Except as expressly otherwise stated herein, following the Sanction Date, the Undertakings and the Businesses shall be recorded in the books of account of LPL (as per Schedule 1) and LVL (as per Schedule 2) at the respective values appearing in the books of account of LSEFSL on the date preceding the **Effective Date**.

Scheme of Demerger

- (vii) Except as expressly otherwise stated herein, following the Sanction Date, the Undertakings and the Businesses shall be recorded in the books of account of LPL (as per Schedule 6) and LVL (as per Schedule 6) at the respective values appearing in the books of account of DATM on the date preceding the Effective Date.
 - (viii) Each of LSEFSL, LPL and LVL as well as DATM shall take all actions and execute all formalities considered and deemed necessary and expedient by their respective Boards of Directors to properly and smoothly cause the transfer and vesting of the Undertakings and Businesses in the manner stated herein, and shall carry out and execute this Scheme pursuant to and in accordance with the order of the Court.
 - (ix) Without prejudice to the generality of the foregoing, the respective Boards of Directors of LSEFSL, LPL, LVL and DATM, may generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme, upon its due approval by the Court, authorize any person(s) or officials to carry out such acts, deeds and things as may be deemed expedient and necessary, for a proper and smooth implementation of the Scheme from time to time.
 - (x) The Board of Directors of LSEFSL, LPL, LVL and DATM have given their assent to any modification or amendment to the Scheme or agree to any terms and/or conditions, which the Court and / or any other Authority, Body or Commission under the law, may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the Scheme and do all acts, deed and things as may be necessary or desirable or expedient for putting the Scheme into effect.
 - (xi) For the purposes of giving effect to the Scheme or any modification or amendment thereof, the directors of LSEFSL are hereby authorized by LPL and LVL to give such directions and / or to take all such steps and actions as may be necessary or desirable including any direction for settling any question or doubt or difficulty, whatsoever that may arise from time to time.
- II. As of the Sanction Date, the terms of this Scheme shall be binding on each of LSEFSL, LPL, LVL and DATM and all their respective shareholders, members, employees, debtors and creditors and any person having any right or liability in relation to them.
- III. All the costs, charges and expenses incurred / to be incurred in relation to or in connection with the Scheme of Arrangement and of carrying out the implementation of the Scheme or incidental to the completion of the amalgamation/ merger in pursuance of the Scheme shall be borne and paid by LSEFSL.
- IV. This Scheme shall become null and void, subject to the following and in that event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme:
- (i) if the Scheme is not approved by the requisite majority of the shareholders and members of any of LSEFSL, LPL, LVL and DATM;
 - (ii) if the sanction of the Court in respect of this Scheme is not obtained by such date (if any) as may be mutually agreed by the respective Board of Directors of LSEFSL, LPL, LVL and DATM.
- V. After the Sanction Date, the shares of LVL shall be technically listed on the Pakistan Stock Exchange under the order of the Court without any further, act, deed, formality or fee, subject to the filing of such documentation as may be required by it in accordance with applicable rules and regulations.
- VI. After the Sanction Date, the shares of LPL shall be technically listed on the Pakistan Stock Exchange under the order of the Court without any further, act, deed, formality or fee, subject to the filing of such documentation as may be required by it in accordance with applicable rules and regulations.
- VII. After the Sanction Date, DATM will be dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up.

Scheme of Demerger

DELISTING / LISTING

- VIII. DATA TEXTILES LIMITED shall stand de-listed from the Pakistan Stock Exchange Limited on the Sanction Date, and the members of DATM shall be allotted the shares by LPL and LVL. Prior to the Sanction Date, the members of DATM shall also be able to exit their investments from the moment of the Company being classified/declared as a "listed Shell Company" and the start of trading of the shares of DATM.
- IX. On the Sanction Date, the shares of LSE PROPTech Limited and LSE VENTURES LIMITED shall stand listed on the Pakistan Stock Exchange Limited without any further, act, deed, formality or fee except that LPL and LVL respectively shall file the documentations as may be required by PSX. The opening price shall be based on the P/E ratio, which is determined on the basis of the market equivalent share and earning potential of the merged balance sheet of both these companies as determined by the Auditors' Certificate after taking impact of the SWAP ratio, but it shall not be less than the par value of the shares of LPL and LVL respectively.

MISCELLANEOUS

- X. This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
- XI. Section headings are solely for convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
- XII. The transfer, vesting and amalgamation of the Undertaking and Business in terms of this Scheme shall not: (i) constitute any assignment, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any contract; and (iv) give rise to any right of first refusal or pre-emptive right.
- XIII. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve; and this Scheme is also subject to any such modification or addition or conditions, if any, which the Court may impose.
- XIV. SWAP ratio (as mentioned in this Scheme) will not be changed unless directed (and accepted by the Company) by the honorable Lahore High Court or the Securities and Exchange Commission of Pakistan. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. No further approval shall be required from the shareholders of the Company.

SCHEDULE – 1 - The Undertaking and Net Assets of LSEFSL to LPL

		Rs. in 000
Note - 1	Property, plant and equipment	1,291,135
Note - 1	Investment property	378,431
	Other Assets and Liabilities	126
		1,669,692
	Revaluation surplus on property, plant and equipment	(774,569)
	Retained Earnings	(4,203)
		890,920
	Shares to be Issued to LVL	269,529
	Shares to be Issued to LSEFSL's Shareholders	628,901
	Cancellation of Investment in LPL by LSEFSL	(50,000)
	Merger Reserves	22,630
	Merger Adjustment*	19,860
		890,920

Scheme of Demerger

*to be off-set with Merger Adjustment of The Undertaking and Net Assets of DATM to LPL (Schedule-6)

Note – 1: It includes land, building, furniture and fixtures, office equipment, vehicles, computers, generators, elevators, electric fittings and appliances, security equipment including arms, leaseholds, lease hold improvements, capita work in process, usufruct, and investment properties. Land and building include legal rights and interest, equitable rights and interest. All the leases (short term and long terms) granted by LSEFSL (as lessor) shall be transferred and vested in the LPL with related rights and obligations.

- All connections and utilities (and related deposits), lease agreements by LSEFSL (as lessee), and all registrations, licenses, permits, authorizations, sanctions, permissions and approvals issued or granted by any government, governmental department or agency, or any statutory, local authority or any municipal corporation (related to land and building) and all concessions, entitlements duty and tax exemptions and remissions related thereto shall be transferred to LPL.
- All liabilities, including those relating to health, safety and environment, to the extent arising exclusively or primarily in the ordinary course of business and related to land and building, arising as a result of LSEFSL's failure to comply with any relevant and legally enforceable corporate or other laws, rules, ordinances, or regulations prior to the Sanction Date;
- Any suit, action, arbitration, charge, governmental investigation, claim, litigation or proceedings, costs, demands and expenses relating to paragraphs as above.

SCHEDULE – 2 - The Undertaking and Net Assets of LSEFSL to LVL

		Rs. in 000
Note - 1	Investments accounted for using the equity method	1,149,399
Note - 1	Short term investments	510,922
Note - 1	Cash and bank balances	229,897
	Goodwill arising on De-Merger	22,630
		1,912,848
	Un-appropriated profits	(200,144)
	Deferred tax	(148,497)
	Trade and other payables	(109,278)
		1,454,929
	Shares to be Issued to LSEFSL's Shareholders	1,793,501
	Merger Adjustment*	41,700
	Investment in LSE Financial Services Limited	(100,000)
	Investment in LSE Protech Limited	(270,272)
	Cancellation of Investment in LVL by LSEFSL	(10,000)
		1,454,929

Scheme of Demerger

SCHEDULE - 4 - Statement of Financial Position showing Demerger Effect

ASSETS	LSEFSL NBFC-IFS License Rs. in 000 Adjusted	DATM Non-NBFC Rs. in 000	LVL Non-NBFC Rs. in 000 Adjusted	LVL Non-NBFC Rs. in 000 Adjusted	LVL Non-NBFC Rs. in 000	LSEFSL NBFC-IFS License Rs. in 000	LVL Non-NBFC Rs. in 000	LVL Non-NBFC Rs. in 000	LVL Non-NBFC Rs. in 000
Non-Current Assets									
Property, plant and equipment	1,291,135								1,291,135
Investment property	378,431								378,431
Investments accounted for using the equity method	1,149,399				1,149,399				
Investment in LSE Protech Services Limited	50,000				100,000				
Investment in LSE Ventures Limited	10,000				270,272				
Net investment in finance lease	4,279							4,279	
Long term deposits	3,974							3,974	
	2,887,218				1,519,671			8,293	1,669,566
Current Assets									
Stores and spares	2,261							2,261	
Trade and other receivables	20,092							20,092	
Advances and prepayments	10,808							10,808	
Short term investments	910,922				510,922				
Tax refunds due from Government - net	45,161	3,111						45,161	3,144
Cash and bank balances	346,411		10,000					116,368	50,309
	935,655	3,111	10,000		50,216			194,710	53,453
	3,822,873	3,111	10,000		50,216			202,963	1,723,019
EQUITY AND LIABILITIES									
SHARE CAPITAL AND RESERVES									
Authorized share capital	2,000,000	120,000	400,000		1,500,000			520,000	1,500,000
Share capital Issued, subscribed and paid-up share capital	1,795,979	99,096	10,000		50,000			100,000	900,907
Capital reserves									
Revaluation surplus on property, plant and equipment	774,569								774,569
Revenue reserves									
Reserves/(Goodwill) arising on Merger	926,068	(155,701)			216		(22,630)	34,481	22,630
Un-appropriated profits	926,068	(155,701)			216		200,144	34,481	4,419
	3,496,616	(56,605)	10,000		50,216		1,973,493	134,481	1,702,525
Non-Current Liabilities									
Long term financing	5,774	39,222					39,222	5,774	
Deferred tax	148,497						148,497		
	154,271	39,222					187,719	5,774	
Current Liabilities									
Trade and other payables	109,278						109,278		20,494
Current portion of long term finance	1,924								1,924
Unpaid dividend	36,118								36,118
Unclaimed dividend	10,233								10,233
	157,553	20,494					109,278	48,275	20,494
Liabilities related to discontinued operations	14,433								14,433
	3,822,873	3,111	10,000		50,216		2,270,490	202,963	1,723,019

Scheme of Demerger

SCHEDULE – 5 - Transfer of Staff and Employees LSE Financial Services Limited

Employee Code	Name	Designation	Area of Activities	Function	Transferred to
695	Muhammad Usman	Company Secretary	Corporate Matters	Corporate and Secretarial	LSE Ventures Limited
222	Muhammad Sajjad Hyder	Manager	Corporate Matters	Corporate and Secretarial	LSE Ventures Limited
312	Tariq Bashir	Senior Officer	Corporate Matters	Corporate and Secretarial	LSE Ventures Limited
624	M. Saifan	Assistant Manager	Legal Affairs	Legal and Arbitration	LSE Financial Services Limited
200	Ghulam Mustafa	Chief Financial Officer	Financial Management	Accounts and Finance	LSE Ventures Limited
705	Sarmad Raheel	Deputy Manager	Accounts	Accounts and Finance	LSE Ventures Limited
179	Muhammad Abid	Assistant Manager	Accounts	Accounts and Finance	LSE Ventures Limited
318	Zia Ullah	Senior Officer	Accounts	Accounts and Finance	LSE Ventures Limited
415	Ch. Muhammad Ali Hussain	Senior Officer	Cashier	Accounts and Finance	LSE Ventures Limited
545	Iram Anwar	Senior Officer	General Management	Procurement	LSE Proptech Limited
650	Rabia Munawar	Senior Officer	Human Resource Management	Human Resource and Administration	LSE Ventures Limited
699	Hafiz Muaddassir Alam	Chief Information Officer	General Management	Digital Operations and Development	LSE Proptech Limited
388	M. Aitzaz Ur Rehman	Manager	Back Office	Digital Operations and Development	LSE Proptech Limited
401	Saira Maqsood	Senior Officer	Program Development	Digital Operations and Development	LSE Proptech Limited
639	Fahad Ali	Senior Officer	Support Services	Digital Operations and Development	LSE Proptech Limited
703	Ameer Hamza	Senior Officer	Support Services	Digital Operations and Development	LSE Proptech Limited
693	Inam Ullah	Chief Legal Officer	Legal Affairs	Legal and Arbitration	LSE Financial Services Limited
376	Muhammad Ali Malik	Manager	Legal Affairs	Legal and Arbitration	LSE Financial Services Limited
692	Fizza Rafiq	Manager	General Management	Procurement	LSE Proptech Limited
704	Fahad Islam	Senior Officer	Procurement	Procurement	LSE Proptech Limited
375	Gull Muhammad Khan	Assistant Manager	Procurement	Procurement	LSE Proptech Limited
501	Kamran Aslam	Senior Officer	Procurement	Procurement	LSE Proptech Limited
694	Ruhail Ashraf Khan	Manager	Deal Sourcing	Human Resource and Administration	LSE Ventures Limited
422	Iqbal Shabbir	Deputy Manager	Civil Works	Facilities Management	LSE Proptech Limited
700	Abid Hussain	Chief Security Officer	Security Matters	Facilities Management	LSE Proptech Limited
707	Syed Ammar Abbas	Deputy Manager	Health Safety and Environm Management	Facilities Management	LSE Proptech Limited
708	Amir Rashid	Manager	MEP	Facilities Management	LSE Proptech Limited
419	Muhammad Naerem Zaman	General Staff	Corporate Matters	Corporate and Secretarial	LSE Ventures Limited
706	Ansar Abbas	General Staff	Vehicle Maintenance & Driv	Corporate and Secretarial	LSE Ventures Limited
709	Muhammad Shahid	General Staff	Painter	Facilities Management	LSE Proptech Limited
34284	Muhammad Qadeer	Assistant Officer	Technician	Digital Operations and Development	LSE Proptech Limited
33401	Muhammad Zaheer Khan	Officer	Rider	Accounts and Finance	LSE Ventures Limited
34280	Azhar Ali	General Staff	Lift Operator	Facilities Management	LSE Proptech Limited
565	Amir Sajjad	General Staff	Lift Operator	Facilities Management	LSE Proptech Limited
417	Ejaz Hussain	General Staff	Procurement	Procurement	LSE Proptech Limited
396	Maqbool Ahmad	General Staff	Electrician	Facilities Management	LSE Proptech Limited
404	Muhammad Shahzad	Assistant Officer	Electrician	Facilities Management	LSE Proptech Limited
651	Syed Zafar Iqbal	Assistant Officer	Electrician	Facilities Management	LSE Proptech Limited
411	Muhammad Fiaz	General Staff	Plumbing	Facilities Management	LSE Proptech Limited
423	Muhammad Waqas	Deputy Officer	Fire Fighter	Facilities Management	LSE Proptech Limited
414	Yasir Ali	General Staff	Office Boy	Facilities Management	LSE Proptech Limited
398	Muhammad Athar Ashraf	General Staff	Office Boy	Facilities Management	LSE Proptech Limited
503	Nadeem	General Staff	Office Boy	Facilities Management	LSE Proptech Limited
698	Muhammad Ashfaq	General Staff	Office Boy	Facilities Management	LSE Proptech Limited
420	Muhammad Nasir	General Staff	Office Boy	Facilities Management	LSE Proptech Limited
416	Zulfiqar Ali	General Staff	Plumbing	Facilities Management	LSE Proptech Limited
689	Aaliya Naeem	General Staff	Telephone Operation	Facilities Management	LSE Proptech Limited
702	Syed Ghulam Shabbir Shah	Deputy Officer	Security Services	Facilities Management	LSE Proptech Limited
827	Allah Ditta	General Staff	Security Services	Facilities Management	LSE Proptech Limited
425	Riaz Ahmed	Assistant Officer	Security Services	Facilities Management	LSE Proptech Limited

Scheme of Demerger

*to be off-set with Merger Adjustment of The Undertaking and Net Assets of DATM to LVL (Schedule-6)

Note -1: It includes short terms investments, long term investments (in the equity shares of Central Depository Company of Pakistan Limited (CDC), National Clearing Company of Pakistan Limited (NCCPL), Pakistan Credit Rating Agency Limited (PACRA), Pakistan General Insurance Limited (PKGI), Digital Custodian Company Limited (DCCL), Pakistan Mercantile Exchange Limited (PMEX), and investments in Margin Trading System (MTS), cash and bank balances.

- All investments in equities, debts instruments(whether short term or long terms), quasi and hybrid instruments, commercial papers, ijarah, musharikhah finance, modaraba finance , claims, assignments and receivables as mentioned above.
- All contracts which remain in whole or in part to be performed at the Sanction Date entered into by or subsisting in favor of LSEFSL, inclusive of all rights and obligations of LSEFSL arising thereunder.
- All liabilities, including those relating to and to the extent arising exclusively or primarily in the ordinary course of business and related to above designated assets, arising as a result of LSEFSL's failure to comply with any relevant and legally enforceable corporate or other laws, rules, ordinances, or regulations prior to the Sanction Date;
- Any suit, action, arbitration, charge, governmental investigation, claim, litigation or proceedings, costs, demands and expenses relating to paragraphs as above.

SCHEDULE – 3 - List of the shareholders of LSE Financial Services Limited List of the shareholders of Data Textiles Limited

As per Attachments

Transfer of staff/work force shall be without effecting entitlements and continuity of service.

All staff and work force can be outsourced to third party including a wholly owned subsidiary of LSE Ventures Limited being established for the purpose. However, any arrangement that will be made shall not effect entitlements and continuity of service of workforce/staff.

DATA TEXTILES LIMITED

Currently no employee is on the payroll of the Company (DATM). Transfer of staff/work force to LPL and LVL is NIL.

SCHEDULE – 6 - The Undertaking and Net Assets of DATM to LVL & LPL

	LPL	LVL
	Rs. in 000	Rs. in 000
Tax refunds due from Government - net	3,111	
Trade and other payables	(20,494)	
Long term financing		(39,222)
	(17,383)	(39,222)
Shares of LPL Issued to DATM's Shareholders	2,477	
Shares of LVL Issued to DATM's Shareholders		2,477
Merger Adjustment	(19,860)	(41,700)
	-	-

Scheme of Demerger

Merger adjustment to be offset with the Net Assets and Undertakings transferred to LPL and LPV as given in Schedule -1 and Schedule 2

- The entire Undertaking and Business of DATM.
All contracts which remain in whole or in part to be performed at the Sanction Date entered into by or subsisting in favor of DATM, inclusive of all rights and obligations of DATM arising thereunder.
- All claims, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable to DATM (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments (both short term and long term, including without limitation, tax claims and refunds, investments in shares, debentures, debt instruments and other securities), cash in hand and at bank, or other depositories.
- the connections and facilities for telecommunication owned by, or leased or licensed to, DATM and utilized by it including telephones, telexes and facsimile and benefit of all payments and deposits made by DATM in connection therewith.
- Intangible assets, trademarks, rights, licenses, statutory approvals.
- the liabilities of DATM on account of taxes, including income tax, sales tax, octroi, infrastructure cess, customs duty, excise duty, stamp duties, registration fees, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above, and the entitlements of DATM to refunds, credits, advance payments or any other benefits in respect of any of the foregoing.

SCHEDULE – 7 -

- Statement of Financial Position – LSEFSL**
- Statement of Financial Position – DATM**
- Statement of Financial Position – LPL**
- Statement of Financial Position - LVL**

As per Attachments

1) Pattern of Shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

	No. of Shares	%
Modaraba Al-Mali	46,695,467	26.00%
Humera Muhammad Iqbal	20,178,780	11.24%
Iqbal Usman	2,207,489	1.23%
Acme Mills (Private) Limited	3,000,000	1.67%
Icon Management Limited	3,000,000	1.67%
Others	104,516,144	58.19%
	179,597,880	

Pattern of Shareholdings

from	to	No. of Shareholders	No. of Shares
1	500	27	1,300
501	1,000	6	5,928
1,001	5,000	7	14,355
5,001	100,000	7	227,583
100,001	300,000	8	1,634,758
300,001	500,000	83	29,863,164
500,001	800,000	85	46,118,906
800,001	1,000,000	27	22,932,337
1,000,001	1,500,000	6	7,090,788
1,500,001	3,000,000	3	8,207,489
9,000,001	10,000,000	1	10,000,000
20,000,001	30,000,000	1	20,178,780
30,000,001	40,000,000	1	33,322,492
*Based on no. of CDC accounts		262	179,597,880

Modaraba Al-Mali	46,695,467
Humera Muhammad Iqbal	20,178,780
Iqbal Usman	2,207,489
Acme Mills (Private) Limited	3,000,000
Icon Management Limited	3,000,000
Joint Stock Companies	85,763,087
Individuals	18,751,908
Executives	2
Directors, Spouse and Dependent Children	1,147
	179,597,880

*Based on no. of CDC accounts and transfers received.

FORM OF PROXY

I/We, _____, the undersigned being a member of **LSE Financial Services Limited**, hereby appoint _____, as my/our proxy to vote for me/us and on my behalf at Annual General Meeting of the Company to be held on the 17th day of September 2022 or at any adjournment thereof.

Signature over
Revenue Stamp of Rs.50/-

<p>The Member: Signature: _____ Name: _____ Father's name: _____ Address: _____ Date: _____ CDC Participant ID No.: _____ CDC Account/Sub Account No.: _____ No. of Shares held: _____</p>	<p>The Proxy: Signature: _____ Name: _____ Father's name: _____ Address: _____ Date: _____</p>
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Witness 1: _____
Signature: _____
Name: _____
CNIC No.: _____
Address: _____

Witness 2: _____
Signature: _____
Name: _____
CNIC No.: _____
Address: _____

Important Notes:

1. The proxy must be a member of LSE Financial Services Ltd.
2. In case of corporate entity, certified true copy of the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with Proxy Form
3. The proxy-holder shall produce his/her original CNIC at the time of the meeting.
4. The instrument of proxy properly completed and signed.
5. A Member shall not be entitled to appoint more than one proxy to attend any one meeting. If any Member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments shall be rendered invalid.






Financial Services Limited

 LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

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“ TRAIN PEOPLE WELL ENOUGH SO THAT THEY CAN
LEAVE, TREAT THEM ENOUGH SO THAT THEY DON'T
WANT TO. ”