NOTICE OF

EXTRAORDINARY GENERAL MEETING

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR AMALGAMATION / MERGER OF

LSE VENTURES LIMITED
(AND ITS MEMBERS)

WITH AND INTO

DIGITAL CUSTODIAN COMPANY LIMITED
(AND ITS MEMBERS)

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

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NOTICE OF EXTRAORDINARY GENERAL MEETING OF

DIGITAL CUSTOCIAN COMPANY LIMITED

FOR APPROVAL OF SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

In compliance with the order dated February 15, 2024, passed by the Honorable Lahore High Court, Lahore in Civil Original No. 9649/2024, this **NOTICE** for the convening of an **Extraordinary General Meeting (EOGM)** of the shareholders of **Digital Custodian Company Limited (DCCL)**, is hereby given to be held on **Saturday, March 16, 2024, at 9:30 A.M.**, at the registered office of the Digital Custodian Company Limited, in the Auditorium at LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore, and virtually through a video link facility to transact the following special business:

Agenda Item No. 1: To consider and if deemed fit, adopt, agree and approve the Scheme of Compromises, Arrangements and Reconstruction ('the Scheme') of LSE Ventures Limited (& its members) with and into Digital Custodian Company Limited (& its Members), attached to this notice as **Exhibit-I** (including Financial Statements of DCCL and LSEVL and Auditor's SWAP Ratio Certificate for the Scheme).

Agenda Item No 2: To consider and to pass the Special Resolutions attached as **Exhibit-II** to this notice, with or without any modification, subject to the terms and conditions entailed in the Scheme.

Issued by the undersigned in compliance to the Order of the Honorable Lahore High Court, Lahore, mentioned hereinabove.

Mr. Ahmad Hassan Butt
Advocate High Court
1st Floor, Naveena Tower
35-C, Gulberg III
Lahore

Chaudhary Azlan Mehboob
Advocate High Court
Office No. 701, 7th Floor, Land Mark Plaza
Jail Road
Lahore

Date: February 23, 2024

IMPORTANT NOTES:

1. Distribution List:

1) All shareholders of DCCL
2) The Board of Directors of DCCL
3) The Executive Director, Specialized Companies Division, SECP, Islamabad
4) Registrar of the Companies, SECP, Lahore
5) DCCL website at **www.digitalcustodian.co**

2. Closure of Share transfer Books: The share transfer Books of the Company shall remain closed from **March 09, 2024 to March 16, 2024** (both days inclusive) for the purpose of attending Extraordinary General Meeting. Transfers received in order by the Company, at the close of business on **March 08, 2024,** will be considered in time to attend the EOGM.

3. Statutory Explanatory Statement: The detailed explanatory Statement u/s 281(1)(a)/134(3) of the Companies Act, 2017, is attached hereto with the Notice of the Extraordinary General Meeting of the Company.

4. Inspection of Documents: Copies of the Scheme, statement u/s 281 of the Companies Act, 2017, recent annual/quarterly accounts along with all published or otherwise required accounts of all previous periods of the above referred companies along with financial details on swap ratio, Memorandum and Articles of Association, requisite approvals and any other related information/ documents may also be inspected/ procured during the business hours on any working day at Registered Office of the Company from the date of publication of this Notice till the conclusion of the Extra-Ordinary General Meeting.

5. Instructions for Attending the Meeting

1) 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 attached with this notice and also available at Company's website i.e., **www.digitalcustodian.co.**

2) 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.

3) 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.

6. For Appointing Proxies and Corporate Authorizations

1) 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.
2) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
5) 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.
6) 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.

7. **Consent for Video Conferencing facility:** Pursuant to SECP's Circular No 4 dated February 15th, 2021, Circular No. 6 dated March 3, 2021 and clarification issued by SECP dated December 15, 2021, the Company has arranged video conference facility to ensure the participation of members in the general meeting. Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for EOGM" along with copy of valid CNIC at **info@digitalcustodian.co**. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of EOGM.

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.: ________________________________
2. Name of Shareholder: ____
3. Cell Phone Number: ____
4. Email Address: ____
5. No. of Shares held: ____

8. E-Voting & Ballot Paper for Voting through Post

1) **E-Voting:** The members are hereby notified that pursuant to Section 143-145 of the Companies Act, 2017 and Companies (Postal Ballot) Regulations, 2018. Members will be allowed to exercise their right to vote through the electronic voting facility or voting by post for the **special business** in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. For the convenience of the Members, the ballot paper is annexed to this notice and the same is also available on the Company's website at **www.digitalcustodian.co** for download.

2) Ballot Paper: The members shall ensure that duly filled and signed ballot paper as per attached format along with a copy of the Computerized National Identity Card (CNIC) should reach the Co-Chairmen of the meeting through post on the Company's registered address, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore or email at **info@digitalcustodian.co**, one (1) day before the Extraordinary General Meeting. The signatures on the ballot paper shall match the signatures on CNIC.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF

LSE VENTURES LIMITED

FOR APPROVAL OF SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

In compliance with the order dated February 15, 2024, passed by the Honorable Lahore High Court, Lahore in Civil Original No. 9649/2024, this **NOTICE** for the convening of an **Extraordinary General Meeting (EOGM)** of the shareholders of **LSE Ventures Limited (LSEVL)**, is hereby given to be held on **Saturday, March 16, 2024, at 10:00 A.M.**, at the registered office of the LSE Ventures Limited, in the Auditorium at LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore, and virtually through a video link facility to transact the following special business:

Agenda Item No. 1: To consider and if deemed fit, adopt, agree and approve the Scheme of Compromises, Arrangements and Reconstruction ('the Scheme') of LSE Ventures Limited (& its members) with and into Digital Custodian Company Limited (& its Members), attached to this notice as **Exhibit-I** (including Financial Statements of DCCL and LSEVL and Auditor's SWAP Ratio Certificate for the Scheme).

Agenda Item No 2: To consider and to pass the Special Resolutions attached as **Exhibit-II** to this notice, with or without any modification, subject to the terms and conditions entailed in the Scheme.

Issued by the undersigned in compliance to the Order of the Honorable Lahore High Court, Lahore, mentioned hereinabove.

Mr. Ahmad Hassan Butt
Advocate High Court
1st Floor, Naveena Tower
35-C, Gulberg III
Lahore

Chaudhary Azlan Mehboob
Advocate High Court
Office No. 701, 7th Floor, Land Mark Plaza
Jail Road
Lahore

Date: February 23, 2024

IMPORTANT NOTES:

1. Distribution List:

1) All shareholders of LSEVL
2) The Board of Directors of LSEVL
3) The Executive Director /HOD, Offsite-II Department, Supervision Division, SECP, Islamabad
4) Registrar of the Companies, SECP, Lahore
5) The General Manager, PSX
6) PSX – PUCARS
7) LSEVL website at **www.lse.com.pk**

2. Closure of Share transfer Books: The share transfer Books of the Company shall remain closed from **March 09, 2024 to March 16, 2024** (both days inclusive) for the purpose of attending Extraordinary General Meeting. Transfers received in order at the office of our Share Registrar, i.e**.,** F.D. Registrar Services (Private) Limited, Suit 1705-A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi, at the close of business on **March 08, 2024,** will be considered in time to attend the EOGM.

3. Statutory Explanatory Statement: The detailed explanatory Statement u/s 281(1)(a)/134(3) of the Companies Act, 2017, is attached hereto with the Notice of the Extraordinary General Meeting of the Company.

4. Inspection of Documents: Copies of the Scheme, statement u/s 281 of the Companies Act, 2017, recent annual/quarterly accounts along with all published or otherwise required accounts of all previous periods of the above referred companies along with financial details on swap ratio, Memorandum and Articles of Association, requisite approvals and any other related information/ documents may also be inspected/ procured during the business hours on any working day at Registered Office of the Company from the date of publication of this Notice till the conclusion of the Extra-Ordinary General Meeting.

5. Instructions for Attending the Meeting

1) 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 attached with this notice and also available at Company's website i.e., **www.lse.com.pk.**

2) 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.

3) 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.

6. **For Appointing Proxies and Corporate Authorizations**

   1) 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.
   2) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   3) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   4) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
   5) 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.
   6) 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.

7. **Consent for Video Conferencing facility:** Pursuant to SECP's Circular No 4 dated February 15th, 2021, Circular No. 6 dated March 3, 2021 and clarification issued by SECP dated December 15, 2021, the Company has arranged video conference facility to ensure the participation of members in the general meeting. Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for EOGM" along with copy of valid CNIC at **info@lse.com.pk.** Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of EOGM.

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.: ______________________________
2. Name of Shareholder: ____
3. Cell Phone Number: ____
4. Email Address: ____
5. No. of Shares held: ____

8. **E-Voting & Ballot Paper for Voting through Post**

   1) E-Voting: The members are hereby notified that pursuant to Section 143-145 of the Companies Act, 2017 and Companies (Postal Ballot) Regulations, 2018. Members will be allowed to exercise their right to vote through the electronic voting facility or voting by post for the **special business** in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. For the convenience of the Members, the ballot paper is annexed to this notice and the same is also available on the Company's website at **www.lse.com.pk** for download.

   2) Ballot Paper: The members shall ensure that duly filled and signed ballot paper as per attached format along with a copy of the Computerized National Identity Card (CNIC) should reach the Co-Chairmen of the meeting through post on the Company's registered address, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore or email at **info@lse.com.pk**, one (1) day before the Extraordinary General Meeting. The signatures on the ballot paper shall match the signatures on CNIC.

BALLOT PAPER FOR VOTING THROUGH POST/E-VOTING

At the Extra-Ordinary General Meeting of ____ to be held on Saturday, March 16, 2024, at _______ a.m. at the Registered Office of the Company, in the Auditorium of LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

Contact Details of the Co-Chairmen, appointed by the honorable Lahore High Court, Lahore at which the duly filled in ballot paper may be sent:

Business Address: **The Co-Chairmen**
C/o Company Secretary of _________________________________
LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

Designated email address: info@_______________________

Name of shareholder/joint Shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	

Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (√) mark in the appropriate box below (delete as appropriate);

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	"**RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and all other applicable provisions, if any, and subject to the sanction by the Honorable Lahore High Court, Lahore, the merger/amalgamation of LSE Ventures Limited ('Transferor Company') with and into Digital Custodian Company Limited ('Transferee Company') as per the Scheme of Amalgamation/Merger, as placed before the shareholders, be and are hereby approved.			
2	**RESOLVED FURTHER THAT** the Scheme of merger/amalgamation of LSE Ventures Limited (& its Members) with and into Digital Custodian Company Limited (& its Members), be and is hereby specifically approved.			
3	**RESOLVED FURTHER THAT** over and above the swap ratio, having been determined by M/s Kreston Hyder Bhimji & Co., Chartered Accountants, the decision of the Board for the approval of the distribution ratio under the method of effective swap ratio involving three equity components – namely, common shares allocation under basic swap ratio (of 0.606, i.e., 606 common/ordinary shares of DCCL against every 1000 shares of LSEVL), adjusted shares allocation (of 490 shares to the shareholders of each of the merging companies), and additional securities allocation (of 20% of the post-			

	merger capital of the merging companies comprising of Class B – Redeemable Shares and Perpetual & Convertible Sukuks), under this Scheme for the overall beneficial allotment of equity shares be and is hereby specifically approved/ratified.			
4	**RESOLVED FURTHER THAT** the approval of the shareholders be and is hereby also granted to the terms and conditions as set out in the draft Scheme of Amalgamation/Merger, which includes, inter-alia, the following: a. That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (LSE Ventures Limited) will be transferred to and shall vest in the Transferee Company, i.e., Digital Custodian Company Limited (as described in Schedule – 1 of the Scheme); b. That the Scheme of Amalgamation/Merger 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, Schedule – 3 and Schedule - 6 of the Scheme) into the Transferee Company, shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court, Lahore may approve; c. That all the employees of the Transferor Company (i.e. LSE Ventures Limited), 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 Company, i.e., Digital Custodian Company Limited (as described in Schedule – 4 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; d. That the listing status of the LSE Ventures Limited (LSEVL) with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of LSEVL) 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 name of Digital Custodian Company Limited (as described in the Scheme). e. Furthermore, the additional securities issued under this Scheme, i.e., Class B - Redeemable Shares and Perpetual and Convertible Sukuks of DCCL shall also stand listed subject to the submission of the certified copy of the sanction Order of the Scheme and necessary requisite formalities with regards to listing of these securities to PSX.			
5	**RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of LSE Ventures Limited and Digital Custodian Company Limited to amend any of the Swap ratio, Distribution ratio and/or Effective Swap ratio, as the case may be, if advised or directed by the Honorable Lahore High Court, Lahore, for the issuance of common shares and additional securities of Digital Custodian Company Limited to the shareholders of the LSE Ventures Limited.			
6	**RESOLVED FURTHER THAT** in order to accommodate the future business of the merged entity, i.e., **DCCL**, the proposed changes, as attached with Schedule - 9 of the Scheme in the Memorandum and Articles of Association of **DCCL,** be and are hereby specifically and individually resolved to be adopted.			
7	**RESOLVED FURTHER THAT** approval be and is hereby accorded to the terms and conditions as deliberated in the Article-6 of the Scheme for issuance of additional securities and no further approval is required from the shareholders for their issuance.			
8	**RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017, for the possible conversion of 32,222,795 Digital Custodian Company Limited – Perpetual and Convertible			

	Sukuk into 32,222,795 ordinary shares of Digital Custodian Company Limited on triggering events as deliberated in the Scheme.			
9	**RESOLVED FURTHER THAT** the approval be and is hereby accorded to approve the shelf registration of further Rs. 500,000,000 divided into 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk of Rs. 10/- each that can be issued to the existing shareholders as a bonus or right.			
10	**RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017 for the possible conversion of further 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk (as kept under Shelf Registration) into 50,000,000 ordinary shares of the Company on triggering events as deliberated in the Scheme.			
11	**RESOLVED FURTHER THAT** any delay or non-approval of the registration/licensing of the Transferee Company to act as a central depository for performing functions as described in the Scheme; the merger of the companies as per the instant Scheme, shall not be affected because the same is hereby considered beneficial for the shareholders of both the companies.			
12	**RESOLVED FURTHER THAT** pursuant to the provision of Section 279 to 283 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 or the Company Secretary of Digital Custodian Company Limited singly before the Honorable Lahore High Court, Lahore, 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 the Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court, Lahore, may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation/Merger.			
13	**RESOLVED FURTHER THAT** the Chief Executive or the Company Secretary of Digital Custodian Company Limited and/or LSE Ventures Limited (as the case may be), be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/merger to the competent authorities including but not limited to Honorable Lahore High Court, Lahore, the Securities & Exchange Commission of Pakistan, and the Competition Commission of Pakistan.			
14	**RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary of Digital Custodian Company Limited, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company (i.e., respective company/ corporate undertaking) to the Honorable Lahore High Court, Lahore, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.			
15	**RESOLVED FURTHER THAT** the Chief Executive Officer, or the Company Secretary of Digital Custodian Company Limited, 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, Lahore, and to do other needful tasks; c) To appear [in person or through representative(s)] before the Honorable Lahore High Court, Lahore; the Offices of the Registrar of the Companies;			

	the Securities and Exchange Commission of Pakistan; the 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 purposes.”			

____

Signature of shareholder(s)

Date: ______________________ Place: _____________

NOTES:

1. Dully filled postal ballot should be sent to Chairman at above mentioned postal or email address.
2. Copy of CNIC should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before March 15, 2024. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC.
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. Company shall draft ballot paper whereby explicit information, terms and conditions and choice of selection is provided and ensure that no confusion arise for voters that may defeat the objective of voting.

AUTHORIZATION FOR CORPORATE MEMBER
(ON THE LETTERHEAD OF THE COMPANY)

Date: ________________
The Secretary
_____________________ Limited.
Lahore.

Sub: **Authorization to attend the EOGM of the Company on behalf of Body Corporate (Member) of the Company.**

Dear Sir,

Please be informed that Mr./Mrs./Ms._____________, S/o W/o D/o______________, holder of CNIC No.________________, has been duly authorized by the Board of Directors of our company vide resolution dated ___________ to participate and vote on resolutions included in the agenda of the notice of EOGM of ______________________ scheduled for **March 16, 2024** or at any date adjourned/rescheduled thereof. Resolution of the Board dated _____________ in original duly signed and stamped is attached herewith for reference and record.

Yours truly,

__________________ __________________
Authorized Signatory Seal of the Company

………

SPECIMEN RESOLUTION
(ON THE LETTERHEAD OF THE COMPANY)

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

Resolved that Mr./Mrs./Ms._____________, S/o W/o D/o______________, be and is hereby authorized on behalf of the Company to participate and vote for resolutions included in the agenda of the notice of EOGM of___________________ scheduled for **March 16, 2024** or at any date adjourned/rescheduled thereof.

Certified True Copy.

__________________ __________________
Authorized Signatory Seal of the Company

PROXY FORM

I/We,____, the undersigned member, being a member of __________________________, hereby appoint_________________________________, the undersigned proxy, as my proxy to vote for me and on my behalf at the EOGM of ___________________ the Company to be held on **March 16, 2024** at _____a.m. and/or at any adjournment thereof.

<table>
<tr>
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The Member:
Signature:_______________________

Signature over
Revenue Stamp of **Rs. 50/-**

____
Seal/Stamp of the Company
Name and Designation of the Appointer:
____
CNIC No.:____________________________
Father's name:_________________________
Address:______________________________
Date:_______________
CDC Participant ID No.:________________
CDC Account/Sub-Account No.: _________
No. of Shares held: ____________

</td>
<td>

The Proxy:

Signature:______________________________
Name:_________________________________
CNIC No.:____________________________
Father's name:_________________________
Address:_____________________________
____
Date:_______________

</td>
</tr>
</table>

Witness 1: ___________________________	Witness 2: ___________________________
Signature: ___________________________	Signature: ___________________________
Name: ___________________________	Name: ___________________________
CNIC No.:___________________________	CNIC No.:___________________________
Address: ___________________________	Address: ___________________________

NOTES:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form.

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

Background

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

The principal objects of the Company are to act as trustee of investment trust schemes, voluntary pension schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies. **DCCL** can also act as custodian to provide independent asset holding services.

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

Currently, **DCCL** has following licenses/Registrations/Approvals as follows:

Sr. No.	Type of Licenses/Registrations/Approvals	From
1	Certificate of Registration to act as **Trustee of Open-end/Closed-end Schemes** under Regulation 40(C)(2) of Non-Banking Finance Companies and Notified Entities Regulations, 2008.	SECP *(Renewable every 3 years)*
2	License as a **Debt Securities Trustee** under Regulation 7(2) of the Public Offering (Regulated Securities Activities Licensing) Regulation, 2017.	SECP *(Renewable after 1 year)*
3	License as **Share Registrar and Balloter** under Regulation 7(2) of the Share Registrars and Balloters Regulations, 2017 and Section 69 of the Securities Act, 2015.	SECP *(Renewable after 1 year)*
4	Certificate of registration as an **Intermediary** 4(1) of the Intermediaries (Registration) Regulations, 2017.	SECP *(Renewable every 3 years)*
5	**Direct Participant of Pakistan Real Time Interbank Settlement Mechanism** (PRISM)	SBP

LSE Ventures Limited (LSEVL) was 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 Corporate Unique Identification (CUIN) of **LSEVL** is **0206407** and the date of incorporation is July 18, 2022. The company's shares were listed on PSX, under an earlier scheme having been sanctioned by the Honorable Lahore High Court, Lahore, accomplished through Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017.

1. Objectives of the present Scheme

a. Reorganization/Restructuring of LSEVL

ii. **LSEVL** has a healthy balance sheet and adequate equity capital, however, it does not operate any business of its own.

iii. **LSEVL** is only acting as an investment vehicle with no operations of its own. In this way, its income is dependent on the returns to be received from the other companies. Hence, it is desired to reorganize **LSEVL** in a way so that it becomes a business operating company.

iv. Due to the peculiar legacy of **LSEVL** and its positioning in the capital market, whereby the Company has provided seed/equity capital for the establishment of many infrastructure entities, it is considered to be a best fit if **LSEVL** is merged with and into **DCCL** and to offer a number of services for the digitization of assets.

v. **LSEVL**'s successor company shall be able to adopt the business as a 'non-securities market depository or a limited-scale depository company' by way of enabling DCCL to get registered and function as a 'central depository' as envisaged in the Central Depositories Act, 1997, for establishing the central depository system and maintaining the book entry register for the unlisted securities/shares, subject to the issuance of the requisite licence from the Securities and Exchange Commission of Pakistan.

vi. The principal purpose of the restructuring and merger is the transformation of LSEVL into a Trustee/Custodian company. Therefore, regardless of any delay or non-approval for the registration/licensing of the Transferee company to act as a central depository; the merger of the companies shall not be affected because of the same having been deemed beneficial by the shareholders of both the companies.

b. Reorganization/Restructuring of DCCL

i. DCCL enjoys a unique position due to its multiple licenses and innovative technological capabilities.

ii. However, DCCL's balance sheet and equity capital are not adequate enough to enable the company to reposition itself as a limited-scale depository on its own.

iii. In view of insufficient balance sheet footing, DCCL needs to find a merger partner which enables it to incorporate sufficient capital strength within its own balance sheet.

iv. A merger with LSEVL shall enable **DCCL** to become eligible to apply for registration as a central depository for functioning as a 'non-securities market depository or a limited-scale depository, thereby creating value for shareholders of the merged company.

v. The principal purpose of the restructuring and merger is the financial strengthening of Digital Custodian Company Limited for effective functioning as a Trustee/Custodian company. Therefore, regardless of any delay or non-approval for the registration/licensing of the Transferee company to act as a central depository; the merger of the companies shall not be affected because of the same having been deemed beneficial by the shareholders of both the companies.

2. Benefits of the Scheme

1) Combining the businesses of **LSEVL** with **DCCL** will lead to diversification of the existing income streams besides providing many newer business opportunities for the combined enterprise.
2) The combined shareholders' equity of **DCCL** shall become **Rs. 3.06** billion which will enable the surviving company **(DCCL)** to utilize its balance sheet strength for obtaining new licenses.
3) The proposed merger will provide a broader shareholders' base, which will be conducive for further fundraising from the capital market, as and when required.
4) Operational and strategic synergies in terms of costs and efficiency will become available when all operations (of **LSEVL** and **DCCL**) are combined, into a single entity.
5) The merger will create long-term value for the investors of **LSEVL**, who mostly got their shares in 2012, i.e., upon the demutualization of the stock exchanges, but are yet to see the worth of their holding multiply in a meaningful manner. The Book value of **LSEVL** per share is **Rs. 12.40** whereas its market value is **Rs. 4.45** per share (as on January 25, 2024), which is much lower than its book value. Thus, after the merger and after adopting an operating business, the worth of the shares of the residual company is expected to increase.
6) Furthermore, the shareholders of **LSEVL** shall also benefit in terms of increased allotment of shares/securities because after a shareholder of **LSEVL** who had 1000 shares before the merger shall get about 1144 shares/securities after the merger.
7) The merged entity shall be able to expand its business after obtaining the license to operate as a non-securities market depository or a limited-scale depository.
8) The merged entity shall be able to achieve more operational and strategic synergies when **LSEVL's** assets and undertaking are transferred to/ amalgamated with **DCCL**.
9) **The surviving entity**'s core business shall become regulated under the Securities Act and **DCCL** shall no longer operate under the burdensome NBFC regime.
10) **The merged entity** shall be positioned as a service company which specializes in the digitalization and unitization of assets.
11) The members of **LSEVL** shall also continue to benefit from the listing status as **DCCL** shall become listed upon the completion of the merger providing an easy entry and exit opportunity to the shareholders.
12) It is expected that trading volumes (at PSX) will be improved after the proposed merger which will provide liquidity and tradability to the shareholders/investors.

3. Financial Impact and Analysis

Schedule – 7 - SWAP Ratio, Distribution Ratio and Effective SWAP Ratio

1. **SWAP Ratio Certificate is attached**

2. **Effective SWAP Ratio and Distribution Ratio**	**Shareholders LSEVL**		**Shareholders LSEVL**
Common Shares i.e. Ordinary Shares of DCCL*	60.60%	of Pre-Merger Capital	108,847,200
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%	of Post-Merger Capital	53,335,128
Additional Securities			
Perpetual and Convertible Sukuk	20.00%	of Post-Merger Capital	21,769,440
Class B - Redeemable Shares	20.00%	of Post-Merger Capital	21,769,440
*** 606 shares of DCCL against 1,000 shares of LSEVL**			
			205,721,208
Effective SWAP Ratio for the shareholders of **LSE Ventures Limited** (for all Securities)	**1.145**		

Distribution to the shareholders of Digital Custodian Company Limited			**Shareholders DCCL**
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%		25,610,720
Additional Securities			
Perpetual and Convertible Sukuk	20.00%		10,453,355
Class B - Redeemable Shares	20.00%		10,453,355

OTHER MATTERS:

1. Interest of Directors:

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

2. Effect on Secured Creditors

None of the Company is having secured creditors. No charge is created in favour of any bank, financial institution or any other by any of the Company (party to the Scheme). So there will be no effect on borrowing limits (which is Nil as on effective date) and effect on any other security holder (which is Nil as on effective date).

3. Risk Factors

a. The Scheme is not approved by the shareholders of any Company.
b. The Scheme is not approved/sanctioned by SECP or the Honorable Lahore High Court, Lahore.
c. NoC is not given by Competition Commission of Pakistan to the merger/Scheme.
d. Once the Scheme is approved by the Honorable Court, listing process may be delayed by PSX or price of the shares of DCCL (after listing on PSX) may move adversely.

4. Mitigants to Risk Factors

a. As mentioned in the Scheme, individual companies shall continue and operate till the Scheme is approved by the Honorable Lahore High Court, Lahore.
b. Price of the share is dependent on the market forces that in turn dependent on general economic condition, interest rate, political stability, fiscal and monetary policies etc., which are beyond of any companies' control.

5. Possible Purchase of Share by any other Company not involved in the Scheme

NIL

6. Effect on any Funds for Employees

As mentioned in the Scheme, employees will be transferred on the same remuneration and other conditions of service, rights, privileges as to the provident fund, gratuity, any other retirement funds, if any, and other matters as had been applicable to them, before the effective date.

7. Cost of the Scheme

Digital Custodian Company Limited shall bear all the expenses related to the Scheme.

EXHIBIT - I

Scheme of Compromises, Arrangement and Reconstruction including Financial Statements of DCCL and LSEVL and Auditor's SWAP Ratio Certificate for the Scheme

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

PART-I

AMALGAMATION/MERGER OF

1. **LSE VENTURES LIMITED**
   (AND ITS MEMBERS)

WITH AND INTO

2. **DIGITAL CUSTODIAN COMPANY LIMITED**
   (AND ITS MEMBERS)

PART-II

ISSUANCE OF PERPETUAL AND CONVERTIBLE SUKUK & CLASS B – REDEEMABLE SHARES TO THE SHAREHOLDERS

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 OF THE COMPANIES ACT, 2017)

AND

All other enabling provisions under the Securities Act, 2015 [Section 87(4)(d)(i)], the Companies Act, 2017 (Sections 66 & 83), The Structuring of Debt Securities Regulations, 2020 & The Companies (Further Issue of Shares) Regulations, 2020 and all other enabling provisions of the laws, rule and regulations in force

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PREAMBLE

COMPANIES INVOLVED IN THE MERGER

1. LSE VENTURES LIMITED

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 Corporate Unique Identification (CUIN) of **LSEVL** is **0206407** and the date of incorporation is July 18, 2022. The company's shares were listed on PSX under an earlier scheme having been sanctioned by the honorable Lahore High Court accomplished through Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017.

Registered office	-	19-LSE Plaza, Khayaban-e-Aiwan-Iqbal, Lahore.
External Auditors	-	Crowe Hussain Chaudhury & Co., Chartered Accountants
Legal Advisors	-	Allied Legal Services
Share Registrar	-	F.D Registrar (Private) Limited

Listing Status

PSX Trading Symbol	:	**LSEVL**	
Market Price	:	Rs. 4.45 per Share	(as on January 25, 2024)
Trading Status	:	Active (main board)	

Financial position (audited) of **LSEVL** as on June 30, 2023/ November 30, 2023 is as follows:

LSE Ventures Limited
Statement of Financial Position

	November 30, 2023 Rs. in 000	**June 30, 2023 Rs. in 000**
ASSETS		
Non-Current Assets		
Investment in subsidiaries	369,529	369,529
Investment in associates	1,283,266	1,231,363
Intangible assets	6,231	-
Financial assets	753,152	715,242
Long term deposits	100	100
	2,412,278	**2,316,234**

Current Assets		
Trade and other receivables	66,789	51,817
Advances and prepayments	1,154	7,929
Tax refunds due from Government - net	7,703	224
Cash and bank balances	13,534	83,903
	89,180	**143,873**
Total Assets	**2,501,458**	**2,460,107**
Authorized share capital	2,000,000	2,000,000
Share capital		
Issued, subscribed and paid-up share capital	1,795,979	1,795,979
Capital reserves		
Merger/demerger reserve	26,533	26,533
Fair value reserve	67,073	11,883
	93,606	**38,416**
Revenue reserves		
Un-appropriated profits	338,209	362,776
Total equity	**2,227,794**	**2,197,171**
Non-Current Liabilities		
Deferred tax	165,225	156,997
	165,225	**156,997**
Current Liabilities		
Trade and other payables	20,587	47,585
Provision for taxation	18,012	9,331
Unpaid dividend	54,272	33,455
Unclaimed dividend	15,568	15,568
	108,439	**105,939**
Equity and Liabilities	**2,501,458**	**2,460,107**
	-	-
Ratio Analysis		
Book Value	12.40	12.23
Current Ratio	0.82	1.36
Debt-Equity Ratio	0.12	0.12

2. DIGITAL CUSTODIAN COMPANY LIMITED

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

The principal objects of the Company are to act as trustee of investment trust schemes, voluntary pension schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies. **DCCL** can also act as custodian to provide independent asset holding services.

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

Registered office	-	508, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-Iqbal Road, Lahore.
External Auditors	-	Kreston Hyder Bhimji & Co., Chartered Accountants
Legal Advisors	-	Ali Zaheer
Listing Status	-	Unlisted Public Limited Company

Currently, **DCCL** has following licenses/Registrations/Approvals as follows:

Sr. no.	Type of Licenses/Registrations/Approvals	From
1 -	Certificate of registration to act a trustee under Regulation 40(C)(1) of Non-Banking Finance Companies and Notified Entities Regulations, 2008	Securities and Exchange Commission of Pakistan
2 -	License as a debt securities trustee under Regulation 5(1) of the Public Offering (Regulated Securities Activities Licensing) Regulation, 2017	Securities and Exchange Commission of Pakistan
3 -	License as share registrar and balloter under Regulation 5 of the Share Registrar and Balloters Regulation, 2017 and Section 68 of the Securities Act, 2015	Securities and Exchange Commission of Pakistan
4 -	Certificate of registration as an intermediary (for filing of documents through intermediaries under Section 455 of the Companies Act, 2017	Securities and Exchange Commission of Pakistan
5 -	Direct Participant of Pakistan Real Time Interbank Settlement Mechanism (PRISM)	State Bank of Pakistan

Financial position (audited) of **DCCL** as on June 30, 2023/November 30, 2023 is as follows:

Digital Custodian Company Limited

Statement of Financial Position

	November 30, 2023 Rs. in 000	June 30, 2023 Rs. in 000
ASSETS		
Non-Current Assets		
Property and equipment	19,237	21,690
Intangible assets	362,026	362,032
Investment in associates	138,418	85,329
Long term deposits	2,184	2,184
	521,866	**471,235**
Current Assets		
Trade and other receivables	16,580	16,469
Short term investments	246	226
Advances and prepayments	2,079	57,930
Tax refunds due from Government – net	19,388	14,727
Cash and bank balances	765	2,065
	39,058	**91,417**
Total Assets	**560,924**	**562,652**
Authorized share capital	600,000	600,000
Share capital		
Issued, subscribed and paid-up share capital	522,668	522,668
Revenue reserves		
Un-appropriated profits	2,474	(134)
Total equity	**525,122**	**522,534**
Non-Current Liabilities		
Lease liabilities	4,154	5,959
Deferred tax	8,062	5,951
	12,216	**11,911**
Current Liabilities		
Trade and other payables	19,468	24,388
Current portion of lease liabilities	4,098	3,819
	23,566	**28,207**
Equity and Liabilities	**560,924**	**562,652**
Ratio Analysis		
Book Value	10.05	10.00
Current Ratio	1.66	3.24
Debt-Equity Ratio	0.07	0.08

3. OBJECTIVES AND BENEFITS OF THE SCHEME

(a) Objectives of the Scheme

1) Reorganization/Restructuring of LSEVL

i. **LSEVL** has a healthy balance sheet and adequate equity capital, however, it does not operate any business of its own.

ii. **LSEVL** is only acting as an investment vehicle with no operations of its own. In this way, its income is dependent on the returns to be received from the other companies. Hence, it is desired to reorganize **LSEVL** in a way so that it becomes a business operating company.

iii. Due to the peculiar legacy of **LSEVL** and its positioning in the capital market whereby the Company has provided seed/equity capital for the establishment of many infrastructure entities, it is considered to be a best fit if **LSEVL** is merged into **DCCL** and offer a number of services for the digitization of assets.

iv. Subsequent to the implementation of the Scheme, **LSEVL**'s successor company, i.e DCCL, shall be able to position itself for operating as a 'non-securities market depository or a limited-scale depository company' after adopting the additional provision in its object clause by requiring it "To get registered and function as a 'central depository' as envisaged in the Central Depositories Act, 1997, for establishing the central depository system and maintaining the book entry register for the unlisted securities/shares, subject to the issuance of the requisite licence from the Securities and Exchange Commission of Pakistan," and after obtaining the requisite registration from the SECP.

v. The principal purpose of the restructuring and merger is the transformation of LSEVL into a Trustee/Custodian company. Therefore, regardless of any delay or non-approval for the registration/licensing of the Transferee company to act as a central depository at any subsequent stage; the merger of the companies shall not be affected because of the same having been deemed beneficial by the shareholders of both the companies.

2) Reorganization/Restructuring of DCCL

i. DCCL enjoys a unique position due to its multiple licenses and innovative technological capabilities.

ii. However, DCCL's balance sheet and equity capital are not adequate enough to enable the company to reposition itself as a limited-scale depository on its own.

iii. In view of insufficient balance sheet footing, DCCL needs to find a merger partner which enables it to incorporate sufficient capital strength within its own balance sheet.

iv. A merger with LSEVL shall enable **DCCL** to become eligible to apply for registration as a central depository (for functioning as a 'non-securities market depository or a limited-scale depository) subject to the changes in the revised Memorandum and Articles followed by DCCL's registration as a Central Depository, as and when allowed by the SECP.

v. In the interim period, the purpose of the restructuring and merger of the companies is to also fulfil the conditions of registration of the Digital Custodian Company Limited (i.e, the Transferee) for effective functioning as a Trustee/Custodian company, whereby the major shareholding of DCCL (~28%) shall stand vested in LSE Capital Limited, which has the standing as a financial institution.

(b) Benefits of the Scheme

1) Combining the businesses of **LSEVL** with **DCCL** will lead to diversification of the existing income streams besides providing many newer business opportunities for the combined enterprise.
2) The combined shareholders' equity of **DCCL** shall become **Rs. 3.06** billion which will enable the surviving company **(DCCL)** to utilize its balance sheet strength for obtaining new licenses.
3) The proposed merger will provide a broader shareholders' base, which will be conducive for further fundraising from the capital market, as and when required.
4) Operational and strategic synergies in terms of costs and efficiency will become available when all operations (of **LSEVL** and **DCCL**) are combined, into a single entity.
5) The merger will create long-term value for the investors of **LSEVL**, who mostly got their shares in 2012, i.e., upon the demutualization of the stock exchanges, but are yet to see the worth of their holding multiply in a meaningful manner. The Book value of **LSEVL** per share is **Rs. 12.40** whereas its market value is **Rs. 4.45** per share (as on January 25, 2024), which is much lower than its book value. Thus, after the merger and after adopting an operating business, the worth of the shares of the residual company is expected to increase.
6) Furthermore, the shareholders of **LSEVL** shall also benefit in terms of increased allotment of shares/securities because after a shareholder of **LSEVL** who had 1000 shares before the merger shall get about 1144 shares/securities after the merger.
7) The merged entity shall be able to expand its business after obtaining the license to operate as a non-securities market depository or a limited-scale depository.
8) The merged entity shall be able to achieve more operational and strategic synergies when **LSEVL's** assets and undertaking are transferred to/ amalgamated with **DCCL**.
9) **The surviving entity**'s core business shall become regulated under the Securities Act and **DCCL** shall no longer operate under the burdensome NBFC regime.
10) **The merged entity** shall be positioned as a service company which specializes in the digitalization and unitization of assets.
11) The members of **LSEVL** shall also continue to benefit from the listing status as **DCCL** shall become listed upon the completion of the merger providing an easy entry and exit opportunity to the shareholders.
12) It is expected that trading volumes (at PSX) will be improved after the proposed merger which will provide liquidity and tradability to the shareholders/investors.

ARTICLE – 1 - DEFINITIONS

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

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

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

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

    (d) "**Completion**" or "**Completion Date**" means the date falling within the **120** days period from the Sanction Date, during which all governmental regulatory agencies, land, revenue and utility bodies/departments and capital market entities shall be required to complete the processing of their respective NOCs, permissions, approvals, and transfers to complete the actions required under the Scheme and to comply with the orders of the honorable Lahore High Court thereby enabling the entities involved in this Scheme to effectuate and implement the Scheme and when the assets, liabilities, undertaking and the business of the Transferor(s) shall stand transferred (as per Article – 3) to the Transferee, and when the shares & the securities of the companies involved in this Scheme are transferred/issued/swapped/cancelled as per Article-4;

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

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

    (g) "**Distribution Ratio**" means the separate distribution of common shares, adjusted shares and additional securities to the shareholders of **DCCL** and **LSVL** under the Scheme (as per Article – 4);

    (h) **"Effective Date"** means 00:00 hours as on **November 30th, 2023,** or such other date as may be approved by the Court on the request of the parties to this Scheme;

    (i) **"Effective Swap Ratio"** mean a Distribution ratio, as approved by the Board of the merging companies, involving three equity components – namely, common shares allocation under basic swap ratio (of 0.606 i.e., 606 common/ ordinary shares of DCCL against every 1000 shares of LSEVL), adjusted shares allocation (of 490 shares to the shareholders of each of the merging companies), and additional securities allocation (of 20% of the post-merger capital of the merging companies comprising of class B – Redeemable Shares and Perpetual & Convertible Sukuks), under this Scheme for the overall beneficial allotment of equity shares to the shareholders;

(j) “**LSEVL”** means the **LSE VENTURES LIMITED**, a public limited company formed under the Companies Act, 2017;

(k) “**LSECAP Scheme**” means the Scheme of Compromise, Arrangement and Reconstruction for amalgamation/merger of LSE Proptech Limited and Modaraba Ali-Mali with and into LSE Capital Limited that is already filed with the Honorable Lahore High Court, Lahore, and in the process of proceedings;

(l) **“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;

(m) **“PSX”** means Pakistan Stock Exchange Limited;

(n) “**Redeemable Shares**” means the Class B - Redeemable Shares of Digital Custodian Company Limited –to be issued to the shareholders of **LSEVL** and **DCCL as per the Distribution Ratio** under the Scheme;

(o) “**Rs.**” or **“PKR”** shall mean “Rupees”, being the legal tender money of Pakistan;

(p) “**Sanction Date**” shall have the same meaning ascribed thereto in **Article 6**, being the day on which the honorable Lahore High Court approves the Scheme and on which day the Scheme becomes operative;

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

(r) **“SECP”** means the Securities and Exchange Commission of Pakistan;

(s) **“Securities Act”** means the Securities Act, 2015;

(t) **“Sukuk”** means the Perpetual and Convertible Sukuk of the Digital Custodian Company Limited –to be issued to the shareholders of **LSEVL** and **DCCL as per the Distribution Ratio** under the Scheme;

(u) **“Undertaking and Business - LSEVL”** means the assets, undertaking, business, liabilities of the **LSE VENTURES LIMITED** (including shares allocated under the Scheme) as more particularly described in Schedule - 1 hereto.

2. The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

ARTICLE – 2 – THE SCHEME OF ARRANGEMENT AND RECONSTRUCTION

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

    (a) the Undertaking and Business - **LSEVL** (as a transferor) into **DCCL** (as transferee) as given in Schedule – 1. Upon the completion of merger / amalgamation through the intended Scheme, **LSEVL** will be dissolved under the Orders of the Honorable Lahore High Court, Lahore, without winding up, and the shares of **DCCL** shall be issued to the registered members/shareholders of **LSEVL**.
    (b) the listing status of **LSEVL** to **DCCL** under the Scheme.
    (c) issuance of additional securities and cross holding of certain equity shares/securities, between **DCCL** and **LSEVL** as described under the Scheme.

2. All assets, liabilities and undertaking (as per Schedule 1) of **LSEVL** will be transferred to **DCCL** with same rights, obligations, privileges and covenants.

3. The shares of **DCCL** shall be issued to the shareholders of **LSEVL** through the merger functionality of CDC. Thus, same status and encumbrance attached to the **LSEVL** shares, if any, shall be attached/transferred to the shares of **DCCL** for those shareholders.

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

5. The pattern of shareholding may be changed after the Sanction Date once the shares of **DCCL** are credited in CDS account of the shareholders (of **LSEVL**) by CDC but before assuming the listing status of the ordinary shares of **DCCL** at PSX and before issuance of additional securities.

6. In order to accommodate the future business of the merged entity, i.e. **DCCL**, the Memorandum and Articles of **DCCL** shall be changed/amended, as per the special resolutions (reproduced at Schedule-9) of the shareholders of the Transferor and the Transferee companies to incorporate, for (1) increasing the authorized (and paid up) capital of the Company, and (2) allowing the issuance of additional securities of any other class(es) including Sukuks to the shareholders of the merging companies as per the Scheme, to be implemented by remaining within the time constraints allowed under the Completion Date and the obligation of compliance with the sanction order of the honorable Lahore High Court for the completion of this Scheme.

7. The Scheme incorporates the issuance of common shares, adjusted shares and additional securities to benefit the shareholders of the companies involved in this Scheme. The issuance of these shares,

under the shareholders approved Distribution Ratio, shall take place subsequent to the sanction of this Scheme from the honorable Lahore High Court, but before the dissolution of **LSEVL**.

8. The listing status of **LSEVL** at PSX shall be transferred to **DCCL**. The shares, Sukuk and redeemable shares of **DIGITAL CUSTODIAN COMPANY LIMITED** shall stand listed on PSX.

9. Equity investment in **DCCL** by **LSEVL** shall be distributed to the shareholders of **LSEVL** before the distribution shares and additional securities as per the distribution ratio.

10. As the shares of **LSEVL** are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares, Sukuk and redeemable shares of **DCCL** shall also be eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC").

11. Upon the completion of merger / amalgamation through the intended Scheme, **LSEVL** will be dissolved under the Orders of the Honorable Lahore High Court, Lahore without winding up, and the shares of **DCCL** shall be issued to the registered members/shareholders of **LSEVL**.

12. **Transfer of the Undertaking and Business from LSEVL to DCCL:** The Undertaking and Business of **LSEVL** shall be transferred and vested in **DCCL** in the following manner:

    (a) The designated immovable (including land, building, usufruct with all equitable and legal rights) and movable assets, liabilities, revaluations reserves, and any capital/merger/revenue reserves, described in Schedule – 1 (The Undertaking and Net Assets of **LSEVL** to **DCCL**), shall stand transferred/vested to **DCCL** from **LSEVL**. Generally, these net assets include land, building, equipment, investment property, cash and bank balances, revaluation reserves and related liabilities. It is however, mentioned that no land or building is now legally held in the name of **LSEVL**.

    (b) The Undertaking and Business of **LSEVL**, as existing on the Effective Date shall, without any further act, instrument or deed, shall stand transferred/vested to and be vested or deemed to have been transferred to or vested in **DCCL** on the Effective Date.

    (c) As per the provisions of the Companies Act-2017, notwithstanding anything contained in the Stamp Act, 1899 (II of 1899) or any other law for the time being in force, no stamp duty shall be payable on transfer to the Transferee company (i.e., **DCCL**) of the whole or any part of the undertaking and of the property of any Transferor company (i.e., **LSEVL**) as a result of sanctioning of the Scheme by the honorable Court.

    (d) The transfer / vesting shall be subject to the existing rights (equitable and legal rights), charges mortgages and hypothecation, if any. There is however, no land or building assets held in the name of **LSEVL**, and hence no charges/mortgages/hypothecation have been registered on the assets of **LSEVL**.

(e) Such assets of **LSEVL**, 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 **DCCL** as its integral part. All governmental authorities, bodies, departments and concerned institutions/companies, wherever required, shall transfer the assets without any cost, taxes, and without any further act or deed by the **DCCL**.

(f) All utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and other concessions allowed, licensed or provided by any governmental agency (including Water and Power Development Authority, Lahore Electric Supply Company Limited, Water and Sanitation Agency, Sui Northern Gas Pipelines Limited,, Pakistan Telecommunication Company Limited) or any other agency will stand transferred without any additional charges/costs to the **DCCL** from the **LSEVL** with the respective benefits including the deposits and prepayments, governmental approvals etc, (if any). The security deposits and any other cost paid by **DCCL** 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.

(g) All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges allowed to **LSEVL** shall stand transferred to **DCCL** and the lease rights (short term and long term), equitable rights, legal rights given by **LSEVL** to the third parties shall also be transferred (with all rights and obligations) from **LSEVL** to **DCCL**.

(h) **LSEVL's** equity investments in Central Depository Company Limited (CDC), National Clearing Company of Pakistan Limited (NCCPL), Pakistan Mercantile Exchange Limited (PMEX) and Pakistan Credit Rating Agency Limited (PACRA) shall be transferred to **DCCL**, by remaining within the time constraints allowed under the Completion Date and the obligation of compliance with the sanction order of the honorable Lahore High Court for the completion of this Scheme. These investments have already been classified on 'Available for Sale' basis by **LSEVL** and **DCCL** shall become bound to dispose of these investments within the three (3) years' time period (2024-2027) on best effort basis.

(i) All the equity Investments in CDC, NCCPL, PACRA and PMEX shall be transferred from **LSEVL** at fair market value to **DCCL**. This fair market shall be applied with effect from the Sanction Date and reflected into the opening balance sheet of **DCCL** on the basis of a valuation report/certificate to be obtained from any practicing Chartered Accountant subsequent to the sanction of the scheme by the honorable Lahore High Court. The difference in the fair value and the carrying value shall be charged/credited to the merger reserves or goodwill arising from merger, as the case may be, and shall be accordingly recognized in the books of **DCCL.**

13. **Conduct of Business by LSEVL Till the Completion Date:** Till the Sanction Date, **LSEVL** shall not sell, transfer or dispose of any of its Undertaking and Business.

    (a) 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 Completion Date when **LSEVL**'s Undertaking and Business is transferred to and vested in **DCCL**.

    (b) **LSEVL** 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 **DCCL** and all the profits accruing to **LSEVL** or losses arising or incurred by them, if any, shall for all purposes be treated as the profits or losses, if any, of **DCCL**.

    (c) It is hereby undertaken by **LSEVL** that it will carry on its business with reasonable diligence and business prudence, until the Sanction Date and it shall not alienate, charge, mortgage, hypothecate, encumber or otherwise deal with or dispose of the respective Undertakings and Business or any part thereof except, in the ordinary course of business, or without the prior written consent of the Board of Directors of **DCCL**.

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

    (a) A balance sheet:

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

        2. shall be prepared by **LSEVL** 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 **LSEVL**, as reflected in the books of account of **LSEVL** as of the Sanction Date and which shall be audited by the Auditors of **LSEVL**, within sixty (60) days of the Sanction Date;

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

(b) A balance sheet:

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

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

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

15. The Statement of Financial Position, certified by the practicing Chartered Accountant, duly showing the Merger Effect shall be prepared by the Board of Directors based on the audited financial statement as on Sanction Date that will show the assets, liabilities and the reserves (the Undertaking and Net Assets of **LSEVL**) liable to be transferred on the Sanction Date.

ARTICLE – 3 – SHARES AND EQUITY CAPITAL MANAGEMENT

1. **EQUITY POSITION OF THE MERGING COMPANIES**

(a) **LSE VENTURES LIMITED**

1) 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.
179,597,880	**Issued under Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017**	**1,795,978,800**
179,597,880		**1,795,978,800**

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

	Category	No. of Shares	% holding
Modaraba Al-Mali	Sponsors	47,721,586	26.57%
Muhammad Iqbal	Sponsors	2,204,444	1.23%
Humera Muhammad Iqbal	Sponsors	20,150,943	11.22%
Icon Management (Private) Limited	Sponsors	2,995,861	1.67%
Acme Mills (Private) Limited	Sponsors	2,995,861	1.67%
Public and Investors	Others/ Investors	103,529,889	57.64%
		179,597,880	

3) The total number of shareholders of **LSEVL** as of the Effective Date is **1,370**.

4) Shares of **LSEVL** owned by Modaraba Al-Mali shall be transferred to LSE Capital Limited once LSECAP Scheme is sanctioned by honorable Court.

5) The Share Capital of the **LSEVL** will not be changed for ordinary shares under the Scheme.

6) Certain other class of shares/securities shall be issued to the shareholders, which may be redeemed and converted, as per the amended Memorandum and Articles of Association. Such class of shares/securities shall be transferred as such to the Transferee Company **(DCCL**) on the same terms and conditions. If conversion into ordinary shares is part of such class of shares/securities, the same will also be converted (after the Sanction Date)

into ordinary shares of **DCCL** on the same conversion ratio. These class of shares/securities may also be merged/ amalgamated with and into ordinary shares/securities of different company or companies (as the case may be) along with the listing status (at PSX) of that class of share(s). Likewise, the authorized capital of that class can either be merged with the **DCCL** or the authorized capital of any other Transferee company (as the case may be).

7) The pattern of shareholding may be changed after the Sanction Date once the shares of **DCCL** are credited in CDS account of the shareholders (of **LSEVL**) by CDC but before assuming the listing status (i.e. before first trading date of **DCCL**) at PSX. Therefor Part IX of the Securities Act, 2015, shall not apply.

8) Complete list of shareholders is attached as **Schedule – 2** (List of Shareholders);

9) The Board of Directors of the Company (**LSEVL**) before the Scheme is as follows:

Sr. No.	Name of Director	Category
1.	Mr. Muhammad Iqbal	Chairman
2.	Mr. Aftab Ahmad Chaudhry	Chief Executive Officer /Director
3.	Mr. Shahnawaz Mahmood	Independent Director
4.	Ms. Minahil Ali	Female/Non-Executive Director
5.	Mr. Abid Latif Khan	Non-Executive Director
6.	Mr. Muhammad Tabassum Munir	Independent Director
7.	Mr. Zahid Mahmood	Independent Director

(b) **DIGITAL CUSTODIAN COMPANY LIMITED**

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

2. The pattern of shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

	No. of Shares	% holding
InfoTech (Private) Limited	20,072,173	38.40%
LSE Capital Limited	18,347,472	35.10%
LSE Financial Services Limited	5,221,973	10.00%
ISE Towers REIT Management Company Limited	4,704,480	9.00%
Others	3,920,679	7.50%
	52,266,777	

(b) Under an ongoing scheme, i.e. the LSECAP Scheme, pending with the honorable Lahore High Court, certain shares of **DCCL** are envisaged to be transferred from InfoTech (Private) Limited to LSE Capital Limited, its shareholders and LSE Financial Services Limited. The effect of the same, subject to the sanction by the honorable Court, and the amended list of the shareholders is attached as **Schedule – 2** (List of Shareholders).

(c) The total number of shareholders of **DCCL**, as of the Effective Date is **16**.

(d) The Share Capital of the **DCCL** will not be changed for the ordinary Shares under the Scheme. However, the pattern of shareholding can be changed till the Sanction Date.

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

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

2. EQUITY CAPITAL MANAGEMENT

(a) EFFECTIVE SWAP RATIO

1) **Swap Ratio**: The Swap ratio for the shares of both companies (**DCCL** and **LSEVL**), as attached with this Scheme, has been worked out by **Kreston Hyder Bhimji & Co., Chartered Accountants,** on the basis of following the well-known methods and other applicable valuation criteria for the fair determination of the basic swap ratio. However, for the purposes of this Scheme, the Boards of the merging companies have decided to use an Effective Swap Ratio so that the merger results in the overall beneficial allocation, comprising of the three equity components, to the members/shareholders of the merging companies.

2) **Effective Swap Ratio**: This shall comprise the following types of allocations under the Scheme:

   i. Common shares allocation

ii. Adjusted shares allocation

iii. Additional securities allocation

3) **Distribution Ratio**: The Distribution Ratio shall involve the issuance of the following number of common shares, adjusted shares and additional securities:

	To the Shareholders of	
	LSEVL	**DCCL**
Ordinary Shares before merger	179,597,880	52,266,777
After merger		
Common shares (Ordinary Shares)	108,847,200	52,266,777
Adjusted shares (Ordinary Shares)	53,335,128	25,610,720
	162,182,328	77,877,497
Additional securities		
Perpetual and Convertible Sukuks	21,769,440	10,453,355
Class B - Redeemable Share	21,769,440	10,453,355
	205,721,208	98,784,207

Please refer to Schedule – 7 for Effective SWAP Ratio and Distribution Ratio

(b) **Book Value of the Companies/ Entities before and after the Scheme:**

		Before Merger		After Merger
		LSEVL	**DCCL**	**DCCL**
Book Value	Rs./Share	12.40	10.05	12.73

(c) **Authorized Capital**

1) The authorized capital of **LSEVL** shall be added to the authorized capital of **DCCL** and it will be increased to **Rs. 2,600,000,000/-**. No additional fee shall be paid to the Commission for combining the authorized capital of both the companies and the Memorandum of DCCL shall stand changed for the revised authorized capital of **DCCL** to **Rs. 2,600,000,000**/- as under:

Name of the Company	Authorized Capital before the Scheme	Authorized Capital after the sanctioning of the Scheme
Digital Custodian Company Limited (**DCCL**)	Rs. 600,000,000 divided into 60,000,000 ordinary shares of Rs. 10/- each	Rs. 3,000,000,000 divided into 260,000,000 ordinary shares of Rs. 10/- each and 40,0000,000 of Class B – Redeemable shares of Rs. 10/- each
LSE Ventures Limited (**LSEVL**)	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each	Dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up

Total in Rs.	Rs. 2,600,000,000	Rs. 3,000,000,000

2) The authorized and the issued, subscribed and paid-up share capital shall be further divided into difference classes of shares as follows:

		Ordinary Shares	Class B - Redeemable Share	Total
Authorized share capital	Nos.	260,000,000	40,000,000	300,000,000
Nominal / Par Value	Rs./Share	10.00	10.00	

Issued, subscribed and paid-up share capital	%	Nos.	Par Value per Share/Sukuk	Issued Value Rs. in 000
Class B - Redeemable Shares				
to be issued	20%	32,222,795	10.00	322,228
Perpetual and Convertible Sukuks				
to be issued	20%	32,222,795	10.00	322,228
Total common shares		240,059,825	10.00	2,400,598

3. **CONSIDERATION**

Upon the Scheme being effective in terms of the order of the honorable Lahore High Court, shares allocation shall be made as part of the Effective Swap ratio, and common shares, adjusted shares and additional securities shall be issued without any consideration at par value and subject to the terms of this Scheme and without any further application, deed or instrument but only as a consideration for the transfer to and vesting of the Undertaking and Business of **LSE VENTURES LIMITED** in the **DIGITAL CUSTODIAN COMPANY LIMITED** as defined in the Scheme.

(a) The shares issuance shall take place as per the Distribution Ratio.

(b) The distribution of shares and the merger effect are shown in Schedule – 3. The same methodology shall be followed after the Sanction Date.

(c) Transfer/cancellation of shares

1) All members whose names shall appear in the register of member of **LSEVL**, on such date after the Sanction Date as the Board of Directors of **DCCL** may determine, shall surrender their share certificates for cancellation thereof to **DCCL**. In default, upon the new shares being allotted and issued by **DCCL** to the members of **LSEVL**, to those whose names shall appear on the respective register of members on such date, as aforesaid, the share certificate in relation to the certificates held by them in **LSEVL** shall be deemed to have been duly cancelled. A notice of up to fourteen (14) days' shall be given to the members of **LSEVL** of the date fixed by the directors of **DCCL**, for determining the entitlements to ordinary shares of **DCCL** to be issued to the members of **LSEVL**. The members holding physical

certificates, if any, will deliver their share certificates to the company for cancellation and shall be issued the shares of **DCCL** in physical form within thirty (30) days from the reopening of the Book Closure. As the share certificates of **LSEVL** are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares of **DCCL** shall be directly credited by book entries in the CDS in lieu of the scrip-less share certificates of **LSEVL** to their respective Investors' accounts or sub-accounts with CDC participants within thirty (30) days from the reopening of Book Closure as announced for the determination of the merger entitlements.

2) Upon the allotment of common shares of **DCCL** to the members of **LSEVL** in the manner aforesaid, all share certificates representing common shares of **LSEVL** shall stand cancelled.

3) While making physical 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. However, for shares in CDS fractional shares shall be ignored.

4) The working of the merger adjustment and the Balance Sheet of **DCCL**, to emerge immediately after the merger is attached herewith in Schedule-3 and Schedule-6. The merger reserves or goodwill arising of merger, as the case may be, shall be recognized in the books of **DCCL**. Merger reserves, if any, shall be treated as capital reserves for all purposes.

5) Once distribution of common shares to the shareholders of **LSEVL** is made, distribution of adjusted shares and additional securities (Perpetual and Convertible Sukuks and Class B – Redeemable Shares) shall be made to the shareholders of **LSEVL** and to the shareholders of **DCCL** as per the Distribution Ratio.

6) For the distribution of physical Perpetual and Convertible Sukuks (‘Sukuk’) and Digital Custodian Company Limited – Class B - Redeemable Shares, the physical shareholders will get physical scrips of redeemable shares and the Sukuks. Fractional shares, Sukuk and redeemable shares shall not be issued.

7) Ordinary shares, Sukuk and redeemable share of **DCCL** shall be the eligible securities under Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"). Moreover, the common shares, Sukuks and Class B redeemable shares of **DCCL** shall be listed on PSX.

ARTICLE – 4 – RIGHTS AND OBLIGATIONS

RIGHTS AND OBLIGATIONS OF DCCL AND LSEVL IN RESPECT OF THE UNDERTAKING AND BUSINESS

1. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against **LSEVL** 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 **LSEVL**, and may be continued, prosecuted and enforced by or against **DCCL** accordingly.

2. 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 **LSEVL** and shall be transferred to **DCCL**.

3. The capital reserves, revenue reserves, merger reserves, revaluation surpluses and accumulated profits and losses of **LSEVL**, 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 **DCCL** (as defined and mentioned in Schedule 5), and shall be accounted on that basis in the books of accounts of **DCCL**.

4. The assets acquired by the Transferee (**DCCL**) shall be treated as having the same character as the same had in the hands of the Transferor (**LSEVL**).

5. Every officer, staff or other employees of **LSEVL**, as existing on the **Effective Date,** shall become the officers, staff or employees of **DCCL,** as the case may be, (as mentioned in Schedule 4) on the basis that their services have not been interrupted by the transfer and vesting of the Undertaking and Business of **LSEVL** into **DCCL**, under this Scheme and on the same remuneration and other conditions of service, rights, privileges as to the provident fund, gratuity, any other retirement funds, if any, and other matters as had been applicable to them, before the Effective Date.

ARTICLE – 5 – GENERAL PROVISIONS

SANCTION AND EFFECTIVENESS OF SCHEME

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

   (b) 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.

   (c) The Scheme also incorporates the provisions for the issuance of Class B-Redeemable shares and Perpetual and Convertible Sukuks (collectively called additional securities under the Distribution Ratio) to be dealt with under Sections 66 and 83 of the Companies Act, 2017, Section 87(4)(d)(i) of the Securities Act, 2015, The Structuring of Debt Securities Regulations, 2020 & The Companies (Further Issue of Shares) Regulations, 2020. Whereas the issuance of these additional securities only warrants the approval from the Boards and the shareholders of the companies, however, since the allocation of the same is part of the Effective Swap ratio for the benefit of the shareholders, therefore the same have been made a part of the Scheme.

   (d) The respective Boards of Directors of **LSEVL** and **DCCL** have approved the foregoing Scheme for the submission of the same to the honorable Lahore High Court (LHC), and have prayed to the Court to order the convening of the Extraordinary General Meetings (EOGMs) of the relevant companies under its own appointed Chairmen of the meetings for seeking the approval of the Scheme by way of special resolution(s) before sanctioning the Scheme in its absolute discretion. The respective Board of Directors of **DCCL** and **LSEVL**, have also sought the authority from their shareholders to be authorized to give consent to, either singly or jointly, to any modifications or additions or alterations to be made to this Scheme or to any conditions, which the Court may think fit to impose and may give any directions, as the honorable Court may consider necessary to settle any question(s) or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.

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

(f) Notwithstanding that the Scheme becomes binding and operative on the Sanction Date, the merger of **LSEVL**, and transfer to and vesting in **DCCL**, of the Undertaking and the Business shall be deemed to have taken place on the **"Effective Date"** and shall be treated accordingly, as per the provisions of this Scheme.

(g) Except as expressly otherwise stated herein, following the Sanction Date, the Undertakings and the Business recorded in the books of account of **LSEVL** (as per Schedule 1) at the respective values shall be recorded/reflected in the books of account of **DCCL** on the date preceding the **Effective Date**. From the accounting perspective, the transfer of balance from the books of the Transferor to the books of Transferee shall serve this purpose. Moreover, the profit and loss items in the books of accounts will be shown in the Statement of Changes in Equity and no corresponding changes shall need to be made in the Statement of Profit and Loss for the interim period between the Effective Date and the Sanction Date.

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

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

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

(k) For the purposes of giving effect to the Scheme or any modification or amendment thereof, the directors of **DCCL** are hereby authorized by **LSEVL** 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.

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

3. All the costs, charges and expenses, incurred / to be incurred in relation to or in connection with the Scheme of Arrangement and 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 **LSEVL**.

4. There can be difference in tax year(s) between the Effective Date and the Sanction Date. Tax returns shall not be changed/revised for the effective dates for the entities involved (i.e. **DCCL** and **LSEVL**). Moreover, tax position as on Sanction date shall be carried forward to the Transferee i.e. from **LSEVL** to **DCCL**.

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

6. 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:

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

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

7. After the **Sanction Date**, the shares, perpetual and convertible Sukuk, Class B - Redeemable shares of **DCCL** shall be 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.

8. After the **Sanction Date**, **LSEVL** will be dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up.

DELISTING / LISTING

9. Subsequent to the Sanction Date, **LSE VENTURES LIMITED** shall stand de-listed from Pakistan Stock Exchange Limited within such timeframe during which the shares reconstruction arrangement is completed, and the members of **LSEVL** shall be allotted the shares by **DCCL**.

10. Subsequent to the Sanction Date, the ordinary shares, Sukuk and redeemable shares of **DIGITAL CUSTODIAN COMPANY LIMITED** shall stand listed (at par value/ nominal value) on PSX within such timeframe during which the shares reconstruction arrangement under this Scheme is completed, without any further, act, deed, formality or fee except that **DCCL** shall be required to file all required documentation to PSX for the purposes of listing. Furthermore, the additional securities under this Scheme, i.e. Class B - Redeemable Shares and Perpetual and Convertible Sukuks of DCCL shall also stand listed subject to the submission of necessary paperwork and the certified copy of the Scheme to PSX.

MISCELLANEOUS

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

12. The section or headings used in this Scheme, are solely for the convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.

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

14. 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.

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

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

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

ARTICLE – 6 – TERMS & CONDITIONS GOVERNING THE ISSUANCE OF CLASS B – REDEEMABLE SHARES AND PERPETUAL AND CONVERTIBLE SUKUKs

1. The issuance of Class B - Redeemable Share & Perpetual and Convertible Sukuk to the shareholders of **DCCL** and **LSEVL** is part of the Distribution ratio of the Scheme to benefit the shareholders in more than one way of holding the ownership stake in **DCCL**.

2. As per the Companies Act, 2017, the issuance of shares of different classes only requires approval of the shareholders, which shall be sought as part of the approval of the Scheme from the general body of the members of the Companies (**DCCL and LSEVL**) to be held under the Court appointed Chairmen of the EOGMs under the orders of the Honorable Lahore High Court, Lahore. Moreover, the conversion of Sukuks into the common shares requires approval under Section 83(1)(b) of the Companies Act, 2017, which will also be obtained from the shareholders.

3. The issuance of the above additional securities shall be independently construed. If for any reason, the issuance of these additional securities (or either of the securities) is not allowed and effectuated, **this non-approval will not affect the Scheme** and the swap ratio (and ratio of additional capital) will remain the same and difference will be credited to the merger reserves.

4. Class B - Redeemable Shares and the Perpetual and Convertible Sukuk shall be separately listed at PSX. Opening price (at PSX) of these securities shall be the par/nominal value of these securities. Moreover, Perpetual and Convertible Sukuk shall be traded on NTS (new trading system) of PSX like equity security due to its hybrid nature.

CLASS B REDEEMABLE SHARES

1. **Class B - Redeemable Shares** of **DCCL** shall also be issued to the shareholders of **LSEVL** and **DCCL** as part of the Scheme.

2. The **Digital Custodian Company Limited – Class B - Redeemable Shares** shall be issued under the approval of the Board of Directors, who may issue, allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Act, 2017.

3. The Distribution Ratio for the issuance of Class B-Redeemable Shares of **DCCL,** as part of the additional securities to the shareholders of **LSEVL** and **DCCL** shall be as per the following:

No. of Class B - Redeemable Share to be given to the Shareholders of **LSEVL**	21,769,440

No. of Class B - Redeemable Share to be given to the Shareholders of **DCCL**	10,453,355
Ratio of Distribution (of Class B – Redeemable Share) is **20%** (of post-merger capital)	**32,222,795**

4. As part of the Scheme, the following amendment/addition (in the relevant Article of DCCL) shall be approved by the members of **DCCL (and LSEVL)** to be made in Memorandum and Articles of Association of the residual company (DCCL) to accommodate the issuance of **Class B - Redeemable Shares**:

POWERS TO ISSUE SHARES WITH DIFFERENT RIGHTS AND PRIVILEGES

- Subject to the Applicable Law and, in particular, Section 58 of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, any Share in the Company may be issued with different rights, restrictions and privileges, including but not limited to, the following as may be approved by the Company by way of a Special Resolution:
  - different voting rights; voting rights disproportionate to the paid-up value of Shares held; voting rights for specific purpose only; or no voting rights at all;
  - different rights for entitlement of Dividend, right Shares or bonus Shares or entitlement to receive the notices and to attend the General Meetings;
  - different rights for participation in surplus assets in case of liquidation; or no participation at all;
  - rights and privileges for an indefinite period, for a limited specific period or for such period or periods as may from time to time be determined by the Company; and
  - different manner and mode of redemption, including redemption in accordance with the provisions of these Articles including but not limited to, by way of conversion into Shares with such rights and privileges as determined by the Company.
- Shares with various rights be issued on terms and conditions that may be determined by the Board of Directors subject to the approval of shareholders in the General Meeting through Special Resolution and other necessary statutory approvals, if required.
- Rights, privileges, terms and conditions regarding dividend, zero dividend, tracking or non-tracking, stepped or otherwise, voting rights, cumulative, non-cumulative, participation, non-participation, conversion, non-conversion, redemption, non-redemption etc., will be defined in the offering documents and will be considered as integral part of this Article (as a sub-article).
- The issuance of variant classes will be identified through distinctive class names.
- The rights, privileges and obligations defined in other Articles, will only be applicable to the existing ordinary shareholders and variant rights, privileges and obligations of the shareholders of other classes will be construed according to their respective offering documents.

- In the event of any conflict or inconsistency between the provisions of this Article and any other Articles, this Article shall prevail.

5. Terms and conditions of **Class – B Redeemable Shares** is as follows:

1 -	**Name of Security**		**Digital Custodian Company Limited – Class B - Redeemable Share**
2 -	Security Type and relevant Regularity Provisions		Class B - Redeemable Shares
			1. Section 58 of the Companies Act, 2017
			2. Section 83 of the Companies Act, 2017
			3. The Companies (Further Issue of Shares) Regulations, 2020
			4. Section 87(4)(d)(i) of the Securities Act, 2015
			5. All other enabling provisions under the Securities Act, 2015, the Companies Act, 2017 and other laws, rules and regulations
3 -	Participation in Surplus Assets in case of Liquidation		No participation unless converted into ordinary shares on occurrence of triggering event. On conversion, new ordinary shares issued (on conversion) shall rank pari-passu to the existing ordinary shares
4 -	Dividend on Class B Share is Cumulative or Non-Cumulative		Cumulative only to the extent of Base Rate
			Non-Cumulative over and above Base Rate unless Dividend (over and above the Base rate) is declared by the Board of Directors of the Company.
			Interim dividend can also be declared by the Board of Directors.
5 -	Redemption		Redeemable partially or in full
6 -	Redemption Rate	Rs. /Share	As decided by the Board of Directors of the Company up to the par/nominal value per share
7 -	Conversion into Ordinary Shares of the Company		Conversion into Ordinary Shares of the Company on occurrence of the triggering events
8 -	Conversion Rate		One Class B - Redeemable Share can be converted into [One Ordinary Share x remaining par value (per share) of Class B - Redeemable Share divided by 10.00 rounded up to two decimals] on occurrence of triggering events. Fractional conversion into ordinary shares shall be ignored.
9 -	Call Option in Cash to the Company		Not Applicable
10 -	Put Option in Cash to the holders of Class B - Redeemable Share		Not Applicable
11 -	Par/ Nominal Value	Rs. /Share	**10.00**
12 -	Issue Price	Rs. /Share	**10.00**

13 -	Issuance by way of		Issuance under the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of LSE Ventures Limited with and into Digital Custodian Company Limited under in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 and the Securities Act, 2015 and relevant regulations ('the Scheme').
14 -	Tenor		Perpetual unless redeemed in full or partially at the discretion of the Board of Directors of the Company and can be converted into Ordinary Shares on triggering events.
15 -	Instrument Rating		Optional
16 -	Security / Charge		Not Applicable
17 -	Voting Rights		Voting right of One Class B - Redeemable Share is equivalent to [One Ordinary Share* x remaining par value (per share) of Class B - Redeemable Share divided by 10.00 rounded up to two decimals]. Fractional vote shall be ignored. *(irrespective of the par/nominal value of the Ordinary Share)
			Rights, privileges and obligations is as applicable to the Ordinary Shareholders of the Company.
18 -	Profit Rate / Dividend		As to be decided by the Board of Directors from time to time, but to be over and above the Base Rate (per Share) without any priority on any existing Ordinary Shares of the Company.
19 -	Base Rate		(Rs. 1.00 per share per annum multiplied by the remaining par value (per share) of Class B - Redeemable Share divided by 10.00) to be paid to the Class B - Redeemable Shareholders latest by end of every December 31st of each year.
20 -	Right to Bonus to the Class B - Redeemable Shareholders		Not Applicable
			No Bonus entitlement (in the form of Sukuk or Shares) to the Class B - Redeemable Shareholders
21 -	Any Other Right(s)		1. No right to the Right Issue (in the form of Shares or Sukuks)
			2. No Right to Specie Dividend (in any form)
			3. No Right to Dividend (declared and paid to the Ordinary Shareholders)
22 -	Listing		It shall be listed on PSX
23 -	Shari’ah Compliance		Optional
24 -	Issue Size	Rs.	**Rs. 322,227,950**
25 -	Issue Size	Nos.	**32,222,795**
26 -	Ranking/Priority		Priority over any ordinary shares
27 -	Triggering Events		1 – if the winding up (either compulsory or voluntary) of the Issuer has occurred.

		2 – if a receiver or administrator (or equivalent person in any other jurisdiction) is appointed over any of the assets of any of the Issuer or part thereof.
		3 – In respect of the issuance of the Class B - Redeemable Share if the Issuer fails/omits to comply with the Terms and Conditions in terms thereof in any material respect including payment of three consecutive dividends that are accrued.
		4 – If special resolution is passed by the shareholders (including Class B - Redeemable Shareholders) in the general meeting to convert the Class B - Redeemable Share into Ordinary Shares of the Company at the conversion rate.
28 -	Meeting and Resolutions	Since voting rights are vested to the Class B - Redeemable Shareholders, no separate meeting or resolution(s) are required. Class B - Redeemable Shareholders can convene the general meeting and pass the resolutions as the shareholders under the relevant provisions of the Companies Act, 2017.
29 -	Other Issuance	Class B - Redeemable Shares can also be issued to the Ordinary Shareholders by way of Bonus if declared by the Board of Directors of the Company.
30 -	Issuer	**Digital Custodian Company Limited**

PERPETUAL AND CONVERTIBLE SUKUK

1. Perpetual and Convertible Sukuks of **DCCL** shall also be issued to the shareholders of **LSEVL** and **DCCL** as part of the Scheme.

2. The **Digital Custodian Company Limited – Perpetual and Convertible Sukuk** shall be issued under the decision of the Board of Directors who may issue, allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Act, 2017.

3. As part of the Scheme, the following amendment/addition (in the relevant Article of DCCL) shall be approved by the members of **DCCL (and LSEVL)** to be made in Memorandum and Articles of Association of the residual company (DCCL) to accommodate the issuance of **Digital Custodian Company Limited – Perpetual and Convertible Sukuks**.

4. The Distribution Ratio for the issuance of Perpetual and Convertible Sukuks of **DCCL,** as part of the additional securities to the shareholders of **LSEVL** and **DCCL** shall be as per the following:

No. of Perpetual and Convertible Sukuk to be given to the Shareholders of **LSEVL**	21,769,440
No. of Perpetual and Convertible Sukuk to be given to the Shareholders of **DCCL**	10,453,355

Ratio of Distribution (of Perpetual and Convertible Sukuk) is **20%** (of post-merger capital)	**32,222,795**

5. Terms and conditions of **Perpetual and Convertible Sukuks** is as follows:

1 -	**Name of the Security**		**Digital Custodian Company Limited – Perpetual and Convertible Sukuk**
2 -	Security Type and relevant Regularity Provisions		Perpetual and Convertible Sukuks
			1. Section 66 of the Companies Act, 2017
			2. the Issuance of Convertible Debt Securities through Right Offer Regulations, 2022
			3. The Structuring of Debt Securities Regulations, 2020
			4. Section 87(4)(d)(i) of the Securities Act, 2015
			5. Section 83(1)(b) of the Companies Act, 2017
			6. All other enabling provisions under the Securities Act, 2015, the Companies Act, 2017 and other laws, rules and regulations
3 -	Participation in Surplus Assets in case of Liquidation		No participation unless converted into ordinary shares on occurrence of any of the triggering events. On conversion, new ordinary shares issued (on conversion) shall rank pari-passu to the existing ordinary shares.
4 -	Profit (on Debt) is Cumulative or Non-Cumulative		**Not Applicable – minimum payment of Base Rate to be made**
			Non-Cumulative over and above Base Rate unless Profit Rate (over and above the Base rate) is declared by the Board of Directors of the Company.
			Interim profit can also be declared by the Board of Directors.
5 -	Redemption		Not Applicable
6 -	Redemption Rate	Rs. / Certificate	Not Applicable
7 -	Conversion into Ordinary Shares of the Company		Conversion into Ordinary Shares of the Company on the occurrence of any of the triggering events
8 -	Conversion Rate		One Perpetual and Convertible Sukuk into One Ordinary Share
9 -	Call Option in Cash to the Company		Not Applicable
10 -	Put Option in Cash to the holders of Perpetual and Convertible Sukuk		Not Applicable
11 -	Par/ Nominal Value	Rs. / Certificate	**10.00**

12 -	Issue Price	Rs. / Certificate	**10.00**
13 -	Issuance by way of		Issuance under the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of LSE Ventures Limited with and into Digital Custodian Company Limited under in terms of provisions of Sections 279 To 283 and all other enabling provisions of the Companies Act, 2017, the Securities act, 2015 and the relevant regulations ('the Scheme')
14 -	Tenor		Perpetual unless converted into Ordinary Shares on the occurrence of any of the triggering events
15 -	Instrument Rating		Instrument Rating (to be obtained)
			Long Term:
			Short Term:
			By JCR-VIS Credit Rating Agency
			(Instrument Rating shall be obtained after the Sanction Date)
16 -	Security / Charge		Pari-passu floating charge on current (present and future assets). Charge shall be created within the 90 days of the issuance of Sukuk.
17 -	Voting Rights		Voting rights of One Perpetual and Convertible Sukuk is equivalent to Ordinary Share i.e. One Perpetual and Convertible Sukuk carries voting right equivalent to One Ordinary Share (irrespective of the par/nominal value of the Ordinary Share).
			Rights, privileges and obligations is as applicable to the Ordinary Shareholders of the Company.
18 -	Profit Rate / Dividend		As decided by the Board of Directors over and above Base Rate (per Sukuk) without any priority on existing Ordinary Shares of the Company.
19 -	Base Rate		Rs. **1.00** per Sukuk per annum to be paid to the Sukukholders latest by end of every December 31st of each year.
20 -	Right to Bonus to the Perpetual and Convertible Sukukholders		Not Applicable
			No Bonus entitlement (in the form of Sukuk or Shares) to the Perpetual and Convertible Sukukholders.
21 -	Any Other Right(s)		1. No right to the Right Issue (in the form of Shares or Sukuk)
			2. No Right to Specie Dividend (in any form)
			3. No Right to Dividend (declared and paid to the Ordinary Shareholders).
22 -	Listing		It shall be listed on PSX

23 -	Shari'ah Compliance		Shari'ah Compliant **(relevant procedures shall be complied with after Sanction Date)**
24 -	Issue Size	Rs.	**Rs. 322,227,950**
25 -	Issue Size	Nos.	**32,222,795**
26 -	Ranking/Priority		Priority over any other form of shares but subordinate to any other secured loan (including loans secured by way of floating charge).
27 -	Triggering Events		1 – if the winding up (either compulsory or voluntary) of the Issuer has occurred.
			2 – if a receiver or administrator (or equivalent person in any other jurisdiction) is appointed over any of the assets of any of the Issuer or part thereof.
			3 – if the Issuer is unable to pay its indebtedness as it falls due.
			4 – In respect of the issuance of the Perpetual and Convertible Sukuk if the Issuer fails/omits to comply with the Terms and Conditions in terms thereof in any material respect including payment of three consecutive profits that are accrued.
			5 – If special resolution is passed by the shareholders (including Perpetual and Convertible Sukukholders) in the general meeting to convert the Perpetual and Convertible Sukuk into Ordinary Shares of the Company at the conversion rate.
28 -	Investment Agent		**LSE Capital Limited** (or as to be decided by the Board of Directors of the Issuer)
29 -	Meeting and Resolutions		Since voting rights are vested to the Perpetual and Convertible Sukukholders, no separate meeting or resolution(s) are required. Perpetual and Convertible Sukukholders can convene the general meeting and pass the resolutions as the shareholders under the relevant provisions of the Companies Act, 2017.
30 -	Other Issuance		Perpetual and Convertible Sukuk can also be issued to the Ordinary Shareholders by way of Bonus (out of shelf registration) if declared by the Board of Directors of the Company.
31 -	Issuer		Digital Custodian Company Limited
32 -	Shelf Registration		Rs. 500,000,000 (divided into 50,000,000 Sukuk of Rs. 10.00 each)

SCHEDULE – 1 - The Undertaking and Net Assets of LSE Ventures Limited to Digital Custodian Company Limited

	Transfer from LSEVL to DCCL Rs. in 000
Non-Current Assets	
Investment in associates	2,010,641
Intangible assets	6,231
Financial assets	698,985
Long term deposits	100
	2,715,957
Current Assets	
Trade and other receivables	66,789
Advances and prepayments	1,154
Tax refunds due from Government – net	7,703
Cash and bank balances	13,534
	89,180
Total Assets	**2,805,137**
Less :	
Non-Current Liabilities	
Deferred tax	(165,225)
Current Liabilities	
Trade and other payables	(20,587)
Current portion of lease liabilities	-
Provision for taxation	(18,012)
Unpaid dividend	(54,272)
Unclaimed dividend	(15,568)
Total Liabilities	**(273,664)**
Net Worth	**2,531,473**
Represented by	
Issued, subscribed and paid-up share capital	1,088,472
Un-appropriated profits	708,961
Merger/demerger reserve	734,040
Total Equity	**2,531,473**
	-

- **Listing status of LSEVL shall be transferred to DCCL.**

DCCL shall be listed on PSX by virtue of merger of **LSEVL** with and into **LSEVL** and listing status of **LSEVL** (as a transferor) shall be transferred to **DCCL** (as a transferee). Please refer to Article - 4 of the Scheme.

SCHEDULE – 2 - **List of the shareholders of:**

- **LSE Ventures Limited**
- **Digital Custodian Company Limited**

List of shareholders will be added on the effective date

SCHEDULE – 3- The Statement of Financial Position showing Merger Effect

	LSEVL November 30, 2023 Rs. in 000	DCCL November 30, 2023 Rs. in 000	LSEVL Merger Adjustments Rs. in 000	DCCL Merger Adjustments Rs. in 000	DCCL After Merger Rs. in 000
ASSETS					
Non-Current Assets					
Property and equipment	-	19,237	-	-	19,237
Intangible assets	6,231	362,026	-	-	368,257
Investment in subsidiaries	369,529	-	(369,529)	-	-
Investment in associates	1,283,266	138,418	727,375	-	2,149,059
Financial assets	753,152	-	(54,167)	-	698,985
Long term deposits	100	2,184	-	-	2,284
	2,412,278	**521,866**			**3,237,822**
Current Assets					
Trade and other receivables	66,789	16,580	-	-	83,369
Short term investments	-	246	-	-	246
Advances and prepayments	1,154	2,079	-	-	3,233
Tax refunds due from Government - net	7,703	19,388	-	-	27,091
Cash and bank balances	13,534	765	-	-	14,299
	89,180	**39,058**			**128,238**
Total Assets	**2,501,458**	**560,924**	**303,679**	**-**	**3,366,061**
Authorized share capital	2,000,000	600,000		400,000	3,000,000
Share capital					
Issued, subscribed and paid-up share capital	1,795,979	522,668	(707,507)	789,458	2,400,598
Redeemable Shares	-	-	-	322,228	322,228
Perpetual Sukuk	-	-	-	322,228	322,228
Capital reserves					
Merger/demerger reserve	26,533	-	707,507	(734,040)	-
Share premium			-	-	-
Fair value reserve	67,073	-	(67,073)	-	-
	93,606	**-**			**-**
Revenue reserves					
Un-appropriated profits	338,209	2,474	370,752	(699,874)	11,561
Total equity	**2,227,794**	**525,142**			**3,056,615**
Non-Current Liabilities					
Lease liabilities	-	4,154	-	-	4,154
Deferred tax	165,225	8,062	-	-	173,287
	165,225	**12,216**			**177,441**
Current Liabilities					
Trade and other payables	20,587	19,468	-	-	40,055
Current portion of lease liabilities	-	4,098	-	-	4,098
Provision for taxation	18,012	-	-	-	18,012
Unpaid dividend	54,272	-	-	-	54,272
Unclaimed dividend	15,568	-	-	-	15,568
	108,439	**23,566**			**132,005**
Equity and Liabilities	**2,501,458**	**560,924**	**303,679**	**-**	**3,366,061**
	-	-	-	-	-

SCHEDULE – 4 - Transfer of Staff and Employees

Transfer of Employees from **LSEVL** to **DCCL**

SCHEDULE – 5 - The Statement of Financial Position –

- **LSE Ventures Limited**
- **Digital Custodian Company Limited**

As attached

SCHEDULE – 6 - Statement of Financial Position of DIGITAL CUSTODIAN COMPANY LIMITED immediately after Merger Effect

	Before Merger DCCL Rs. in 000	Transfer from LSEVL Rs. in 000	Merger Adjustments Rs. in 000	After Merger DCCL Rs. in 000
ASSETS				
Non-Current Assets				
Property and equipment	19,237	-	-	19,237
Intangible assets	362,026	6,231	-	368,257
Investment in subsidiaries	-	-	-	-
Investment in associates	138,418	2,010,641	-	2,149,059
Financial assets	-	698,985	-	698,985
Long term deposits	2,184	100	-	2,284
	521,866	**2,715,957**		**3,237,822**
Current Assets				
Trade and other receivables	16,580	66,789	-	83,369
Short term investments	246	-	-	246
Advances and prepayments	2,079	1,154	-	3,233
Tax refunds due from Government - net	19,388	7,703	-	27,091
Cash and bank balances	765	13,534	-	14,299
	39,058	**89,180**		**128,238**
Total Assets	**560,924**	**2,805,137**	-	**3,366,061**
Authorized share capital	600,000	2,000,000	(400,000)	3,000,000
Share capital				
Issued, subscribed and paid-up share capital	522,668	1,088,472	(789,458)	2,400,598
Redeemable Shares	-		(322,228)	322,228
Perpetual Sukuk	-		(322,228)	322,228
Capital reserves				
Merger/demerger reserve	-	734,040	734,040	-
Share premium	-		-	-
Fair value reserve	-		-	-
Revenue reserves				
Un-appropriated profits	2,474	708,961	699,874	11,561
Total equity	**525,142**	**2,531,473**		**3,056,615**
Non-Current Liabilities				
Lease liabilities	4,154	-	-	4,154
Deferred tax	8,062	165,225	-	173,287
	12,216	**165,225**		**177,441**
Current Liabilities				
Trade and other payables	19,468	20,587	-	40,055
Current portion of lease liabilities	4,098	-	-	4,098
Provision for taxation	-	18,012	-	18,012
Unpaid dividend	-	54,272	-	54,272
Unclaimed dividend	-	15,568	-	15,568
	23,566	**108,439**		**132,005**
Equity and Liabilities	**560,924**	**2,805,137**	-	**3,366,061**

Schedule – 7 - SWAP Ratio, Distribution Ratio and Effective SWAP Ratio

1. **SWAP Ratio Certificate is attached**

2. **Effective SWAP Ratio and Distribution Ratio**

	Shareholders LSEVL		Shareholders LSEVL
Common Shares i.e. Ordinary Shares of DCCL*	60.60%	of Pre-Merger Capital	108,847,200
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%	of Post-Merger Capital	53,335,128
Additional Securities			
Perpetual and Convertible Sukuk	20.00%	of Post-Merger Capital	21,769,440
Class B - Redeemable Shares	20.00%	of Post-Merger Capital	21,769,440
*** 606 shares of DCCL against 1,000 shares of LSEVL**			
			205,721,208
Effective SWAP Ratio for the shareholders of **LSE Ventures Limited** (for all Securities)	**1.145**		

Distribution to the shareholders of Digital Custodian Company Limited			Shareholders DCCL
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%		25,610,720
Additional Securities			
Perpetual and Convertible Sukuk	20.00%		10,453,355
Class B - Redeemable Shares	20.00%		10,453,355

Schedule-8

PROPOSED SPECIAL RESOLUTIONS FOR ADOPTION BY THE SHAREHOLDERS OF IN THE MATTER OF THE SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR THE AMALGAMATION/ MERGER OF LSE VENTURES LIMITED WITH & INTO DIGITAL CUSTODIAN COMPANY LIMITED

The Board of Directors of LSE Ventures Limited and Digital Custodian Company Limited in their meetings, held on January 30, 2024, have approved the following Special resolutions, and have recommended for the adoption of the same as special resolutions in the EOGM of the Company, to be convened under the orders of the Honorable Lahore High Court (LHC), Lahore:

1. "**RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and all other applicable provisions, if any, and subject to the sanction by the Honorable Lahore High Court, Lahore, the merger/amalgamation of LSE Ventures Limited ('Transferor Company') with and into Digital Custodian Company Limited ('Transferee Company') as per the Scheme of Amalgamation/Merger, as placed before the shareholders, be and are hereby approved.

2. **RESOLVED FURTHER THAT** the Scheme of merger/amalgamation of LSE Ventures Limited (& its Members) with and into Digital Custodian Company Limited (& its Members), be and is hereby specifically approved.

3. **RESOLVED FURTHER THAT** over and above the swap ratio, having been determined by M/s Kreston Hyder Bhimji & Co., Chartered Accountants, the decision of the Board for the approval of the distribution ratio under the method of effective swap ratio involving three equity components – namely, common shares allocation under basic swap ratio (of 0.606, i.e., 606 common/ordinary shares of DCCL against every 1000 shares of LSEVL), adjusted shares allocation (of 490 shares to the shareholders of each of the merging companies), and additional securities allocation (of 20% of the post-merger capital of the merging companies comprising of Class B – Redeemable Shares and Perpetual & Convertible Sukuks), under this Scheme for the overall beneficial allotment of equity shares be and is hereby specifically approved/ratified.

4. **RESOLVED FURTHER THAT** the approval of the shareholders be and is hereby also granted to the terms and conditions as set out in the draft Scheme of Amalgamation/Merger, which includes, inter-alia, the following:

    a) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (LSE Ventures Limited) will be transferred to and shall vest in the Transferee Company, i.e., Digital Custodian Company Limited (as described in Schedule – 1 of the Scheme);

    b) That the Scheme of Amalgamation/Merger 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, Schedule – 3 and Schedule - 6 of the Scheme) into the Transferee Company, shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court, Lahore may approve;

c) That all the employees of the Transferor Company (i.e. LSE Ventures Limited), 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 Company, i.e., Digital Custodian Company Limited (as described in Schedule – 4 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;

d) That the listing status of the LSE Ventures Limited (LSEVL) with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of LSEVL) 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 name of Digital Custodian Company Limited (as described in the Scheme).

e) Furthermore, the additional securities issued under this Scheme, i.e., Class B - Redeemable Shares and Perpetual and Convertible Sukuks of DCCL shall also stand listed subject to the submission of the certified copy of the sanction Order of the Scheme and necessary requisite formalities with regards to listing of these securities to PSX.

5. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of LSE Ventures Limited and Digital Custodian Company Limited to amend any of the Swap ratio, Distribution ratio and/or Effective Swap ratio, as the case may be, if advised or directed by the Honorable Lahore High Court, Lahore, for the issuance of common shares and additional securities of Digital Custodian Company Limited to the shareholders of the LSE Ventures Limited.

6. **RESOLVED FURTHER THAT** in order to accommodate the future business of the merged entity, i.e., **DCCL**, the proposed changes, as attached with Schedule - 9 of the Scheme in the Memorandum and Articles of Association of **DCCL,** be and are hereby specifically and individually resolved to be adopted.

7. **RESOLVED FURTHER THAT** approval be and is hereby accorded to the terms and conditions as deliberated in the Article-6 of the Scheme for issuance of additional securities and no further approval is required from the shareholders for their issuance.

8. **RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017, for the possible conversion of 32,222,795 Digital Custodian Company Limited – Perpetual and Convertible Sukuk into 32,222,795 ordinary shares of Digital Custodian Company Limited on triggering events as deliberated in the Scheme.

9. **RESOLVED FURTHER THAT** the approval be and is hereby accorded to approve the shelf registration of further Rs. 500,000,000 divided into 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk of Rs. 10/- each that can be issued to the existing shareholders as a bonus or right.

10. **RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017 for the possible conversion of further 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk (as kept under Shelf Registration) into 50,000,000 ordinary shares of the Company on triggering events as deliberated in the Scheme.

11. **RESOLVED FURTHER THAT** any delay or non-approval of the registration/licensing of the Transferee Company to act as a central depository for performing functions as described in the Scheme; the merger of the companies as per the instant Scheme, shall not be affected because the same is hereby considered beneficial for the shareholders of both the companies.

12. **RESOLVED FURTHER THAT** pursuant to the provision of Section 279 to 283 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 or the Company Secretary of Digital Custodian Company Limited singly before the Honorable Lahore High Court, Lahore, 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 the Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court, Lahore, may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation/Merger.

13. **RESOLVED FURTHER THAT** the Chief Executive or the Company Secretary of Digital Custodian Company Limited and/or LSE Ventures Limited (as the case may be), be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/merger to the competent authorities including but not limited to Honorable Lahore High Court, Lahore, the Securities & Exchange Commission of Pakistan, and the Competition Commission of Pakistan.

14. **RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary of Digital Custodian Company Limited, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company (i.e., respective company/ corporate undertaking) to the Honorable Lahore High Court, Lahore, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.

15. **RESOLVED FURTHER THAT** the Chief Executive Officer, or the Company Secretary of Digital Custodian Company Limited, 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, Lahore, and to do other needful tasks;
    c) To appear [in person or through representative(s)] before the Honorable Lahore High Court, Lahore; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; the 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 purposes."

SCHEDULE: 9 **Proposed Amendments in the Memorandum and Articles of Association of Digital Custodian Company Limited**

As attached

Schedule-9

Proposed Amendments in the Memorandum of Association and Articles of Association of Digital Custodian Company Limited

For approval by the Shareholders via Special Resolutions

Memorandum of Association: -

Clause No.	Existing Text	Amended Text
V	The Authorised Capital of the Company is Rs. 600,000,000 (Rupees Six hundred million) divided into 60,000,000 ordinary shares of Rs. 10 each with powers to the Company from time to time to increase and reduce its capital.	The Authorised Capital of the Company is Rs. 3,000,000,000 (Rupees Three billion only) divided into 260,000,000 ordinary shares of Rs. 10 each and 40,000,000 shares of any other class(es) of Rs. 10 each, with the powers to the Company to increase and reduce its capital from time to time.
44	For the purposes of the Company to borrow or raise or secure the payment of money in accordance with Shariah by issue of modaraba certificates, musharaka certificates, participation term certificates, term finance certificates, debentures or debenture stock, perpetual or otherwise and whether charged or not charged upon the whole or my part of the property of the Company (both present and future), whether payable to bearer or otherwise;	For the purposes of the Company to borrow or raise or secure the payment of money in accordance with Shariah principles, by way of issuance of Sukuks or term finance certificates, or debentures or debenture stock, whether perpetual or convertible or otherwise, and whether charged or not charged upon the whole or any part of the property of the Company (both present and future), either through fresh offering or bonus or right entitlement or otherwise, and to convert such Sukuks or other Shariah compliant debt securities into the ordinary/common shares of the Company on any future date, on such terms and conditions as to be approved by the shareholders in the general

		meeting, and to pay off to the holders or to their order or otherwise;

Articles of Association: -

Article No.	Existing Text	Amended Text
3	The Authorised capital of the Company is Rs. 600,000,000 (Rupees six hundred million) only divided into 60,000,000 Ordinary Shares of Rs. 10 each.	The Authorised Capital of the Company is Rs. 3,000,000,000 (Rupees Three billion only) divided into 260,000,000 ordinary shares of Rs. 10 each and 40,000,000 shares of any other class(es) Rs. 10 each.
New Clause	New Clause	**23A. a)** Subject to the Applicable Law and, in particular, Section 58 of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, any Share in the Company may be issued with different rights, restrictions and privileges, including but not limited to the followings, as may be approved by the Company by way of a Special Resolution: - i) different voting rights; voting rights disproportionate to the paid-up value of Shares held; voting rights for specific purpose only; or no voting rights at all; ii) different rights for entitlement of Dividend, right Shares or bonus Shares or entitlement to receive the notices and to attend the General Meetings; iii) different rights for participation in surplus assets in case of liquidation; or no participation at all;

		iv) rights and privileges for an indefinite period, for a limited specific period or for such period or periods as may from time to time be determined by the Company; and v) different manner and mode of redemption, including redemption in accordance with the provisions of these Articles including but not limited to, by way of conversion into Shares with such rights and privileges as determined by the Company. b) Shares with various rights be issued on terms and conditions that may be determined by the Board of Directors subject to the approval of shareholders in the General Meeting through Special Resolution and other necessary statutory approvals, if required. c) Rights, privileges, terms and conditions regarding dividend, zero dividend, tracking or non-tracking, stepped or otherwise, voting rights, cumulative, non-cumulative, participation, non-participation, conversion, non-conversion, redemption, non-redemption etc., will be defined in the offering documents. d) The issuance of variant classes will be identified through distinctive class names.

		e) The rights, privileges and obligations defined in other Articles, will only be applicable to the existing ordinary shareholders and variant rights, privileges and obligations of the shareholders of other classes will be construed according to their respective offering documents. f) In the event of any conflict or inconsistency between the provisions of this Article and any other Articles, this Article shall prevail.

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

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65-The Mall, Lahore.
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AUDITORS' REPORT

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

Opinion

We have audited the financial statements of **DIGITAL CUSTODIAN COMPANY LIMITED** (the Company), which comprise the statement of financial position as at November 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from July 01, 2023 to November 30, 2023 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023, and of its financial performance and its cash flows for the period from July 01, 2023 to November 30, 2023 in accordance with the applicable financial reporting framework for the purpose as stated in Note 3.1 of the financial statements.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3.1 to the financial statements, which describes the basis of accounting along with the purpose of preparing these financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with basis of accounting described in Note 3.1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud Is higher than for one resulting from error, as fraud may invoke 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Kreston Hyder Bhimji & Co

KRESTON HYDER BHIMJI& CO.
CHARTERED ACCOUNTANTS

LAHORE: 30 JAN 2024

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT NOVEMBER 30, 2023

	Note	November 30, 2023	June 30, 2023
		------------Rupees----------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	19,236,786	21,689,925
Intangible assets	7	362,026,397	362,032,157
Long term deposits	8	2,184,366	2,184,366
Investment in associate	9	138,418,070	85,328,551
		521,865,619	471,234,999
CURRENT ASSETS			
Trade receivables	10	16,580,434	16,469,132
Short term investments	11	246,277	226,454
Advances, prepayments and other receivables	12	2,078,635	57,929,701
Tax refunds due from the Government	13	19,388,156	14,726,976
Cash and bank balances	14	764,532	2,064,869
		39,058,034	91,417,132
TOTAL ASSETS		560,923,653	562,652,131
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up share capital			
Authorized share capital			
60,000,000 Ordinary shares of Rs. 10 each	15	600,000,000	600,000,000
Issued, subscribed and paid up share capital	15	522,667,768	522,667,768
Revenue reserves			
Unappropriated profit/(Accumulated loss)		2,474,204	(133,951)
Shareholders' equity		525,141,972	522,533,817
NON CURRENT LIABILITIES			
Lease liability	16	4,154,158	5,959,493
Deferred taxation	17	8,061,734	5,951,421
		12,215,892	11,910,914
CURRENT LIABILITIES			
Current portion of lease liability	16	4,097,710	3,819,107
Accrued and other liabilities	18	19,468,079	24,388,293
		23,565,789	28,207,400
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIABILITIES		560,923,653	562,652,131

The annexed notes from 1 to 34 form an integral of these financial statements.

Chief Executive Officer | **Director**

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED NOVEMBER 30, 2023

	Note	November 30, 2023	June 30, 2023
		------------Rupees-----------	
Operating income	20	**49,834,117**	98,143,332
Operating and administrative expenses	21	**(43,630,558)**	(88,831,123)
Operating profit		6,203,559	9,312,209
Unrealized gain on re-measurement of investments classified at fair value through profit or loss	11	**2,765**	300,472
Post tax share of profit / (loss) from associate	9	**3,089,519**	(366,924)
Other income	22	**393,798**	9,206,582
Finance cost	23	**(384,729)**	(1,163,595)
Profit before taxation		**9,304,912**	17,288,744
Provision for taxation	24	**(6,696,758)**	(11,930,942)
Profit after taxation		**2,608,154**	5,357,802
Earnings per share - basic and diluted	**25**	**0.05**	0.11

The annexed notes from 1 to 34 form an integral of these financial statements.

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Chief Executive Officer **Director**

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED NOVEMBER 30, 2023

	Note	November 30, 2023 Rupees	June 30, 2023 Rupees
		------------Rupees------------	
Profit after taxation		**2,608,154**	5,357,802
Items that will not be reclassified to statement of profit or loss			
Post tax share of other comprehensive income from associate	11	-	1,858,531
Deferred tax liability attributable to share of income from associate		-	(278,780)
Other comprehensive income		-	1,579,751
Total comprehensive income		**2,608,154**	6,937,553

The annexed notes from 1 to 34 form an integral of these financial statements.

Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED NOVEMBER 30, 2023

	Share Capital	Premium on share issued	Revenue Reserves - Unappropriated profit	TOTAL
	----------	----------	Rupees ----------	----------
Balance as at June 30, 2022	111,100,000	48,900,000	(7,071,504)	152,928,496
Total comprehensive income for the year				
Profit for the year	-	-	5,357,802	5,357,802
Other comprehensive income	-	-	1,579,751	1,579,751
	-	-	6,937,553	6,937,553
Transactions with the owners				
Share capital issued during the year	60,444,620	-	-	60,444,620
Premium on issuance of shares	-	302,223,148	-	302,223,148
Bonus shares issued during the year	351,123,148	(351,123,148)	-	-
Balance as at June 30, 2023	522,667,768	-	(133,951)	522,533,817
Total comprehensive income for the period				
Profit for the period	-	-	2,608,154	2,608,154
Other comprehensive income	-	-	-	-
	-	-	2,608,154	2,608,154
Transactions with the owners				
Share capital issued during the period	-	-	-	-
Premium on issuance of shares	-	-	-	-
Bonus shares issued during the period	-	-	-	-
Balance as at November 30, 2023	**522,667,768**	-	**2,474,204**	**525,141,972**

The annexed notes from 1 to 34 form an integral of these financial statements.

Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED NOVEMBER 30, 2023

	Note	November 30, 2023	June 30, 2023
		------------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,304,912	17,288,744
Adjustments for non cash charges and items			
Depreciation of operating fixed assets	21	2,633,739	6,582,842
Loss on disposal of operating fixed assets	21	-	576,384
Amortization of intangible assets	21	5,760	13,814
Balance receivable written off	21	-	1,976,662
Dividend income	22	(20,068)	(31,375)
Share of (profit) / loss from associates	22	(3,089,519)	366,924
Fair value gain on investments through profit or loss	11	(2,765)	(300,472)
Finance cost	23	384,729	1,163,595
Profit on musharaka finance	22	-	(6,811,644)
Profit on saving bank accounts	22	(373,730)	(2,363,563)
Operating profit before working capital changes		8,843,058	18,461,911
(Increase) / decrease in current assets			
Trade receivables		(111,302)	(10,508,045)
Advances, prepayments and other receivables		5,851,066	(58,208,960)
		5,739,764	(68,717,005)
Increase / (decrease) in current liabilities			
Accrued and other liabilities		(4,920,214)	20,073,570
Effect on cash flows due to working capital changes		819,549	(48,643,435)
Cash generated from / (used in) operating activities		9,662,607	(30,181,524)
Finance cost paid		(384,729)	(1,163,595)
Income tax paid	13	(9,247,625)	(21,121,249)
		(9,632,354)	(22,284,844)
Net cash generated from / (used in) operating activities		30,253	(52,466,368)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	6.1	(180,600)	(1,096,669)
Disbursement of advance against vehicles	6	-	(5,500,000)
Proceeds from disposal of operating fixed assets	6.3	-	1,635,000
Short term investments made during the period / year	11	(17,058)	(45,081,515)
Dividend income received	11	20,068	31,375
Proceeds on redemption of investments	11	-	47,000,000
Profit on musharaka finance	22	-	6,811,644
Profit on saving bank accounts received	22	373,731	2,363,563
Increase in long term deposits		-	(103,966)
Net cash generated from investing activities		196,141	6,059,432
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease	16	(1,526,732)	(3,205,218)
Net cash used in financing activities		(1,526,732)	(3,205,218)
Net decrease in cash and cash equivalents		(1,300,337)	(49,612,154)
Cash and cash equivalents at beginning of the period	14	2,064,869	51,677,023
Cash and cash equivalents at end of the period	14	764,532	2,064,869

The annexed notes from 1 to 34 form an integral of these financial statements.

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Chief Executive Officer

Director

DIGITAL CUSTODIAN COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED NOVEMBER 30, 2023

1 THE COMPANY AND ITS OPERATIONS

Digital Custodian Company Limited ("the Company") was incorporated on February 12, 1992 under the repealed Companies Ordinance, 1984 as a private limited company. The Company converted its status from Private Limited Company to Unlisted Public Limited Company on June 19, 2009.

The principal objects of the Company are to act as Trustee of investment trust schemes, voluntary pension schemes, and real estate investment trust schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies and mutual fund etc. The company had changed its registered office address from the Province of Sindh to the Province of Punjab. At present, the registered office of the company is located at Office # 08, 5th floor, LSE Plaza, Aiwan-e-Iqbal Road, Lahore, Punjab.

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

3 BASIS OF PREPARATION

Subsequent to the reporting date, the Board of Directors of the Company in their meeting held on 22 December 2023 has decided a proposed plan for the merger of LSE Ventures Limited, an associated company, with/into the company subject to the approval of plan by the members of the company in their upcoming EOGM.

These financial statements have been prepared for the purpose of filing a petition for the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger (in terms of provisions of Sections 279 To 283 and all other enabling provisions of The Companies Act, 2017) and to determine the SWAP ratio under the Scheme; for onward approval by the Honorable Lahore High Court after completion of all related corporate and legal formalities. The effective date of the Scheme is November 30, 2023 or as approved by the Honorable Lahore High Court.

Upon the completion of merger / amalgamation of the LSE Ventures Limited with/into the company through the intended Scheme, the LSE Ventures Limited will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up and its shares stand cancelled and the shares of the company shall be issued to the registered members / shareholders of the LSE Ventures Limited. Further, the listing status of LSE Ventures Limited shall be transferred to the company and necessary changes will be made in the Memorandum of Association of the company to accommodate the business operations of LSE Ventures Limited after the proposed takeover of its business by the company along with the obtaining of necessary licensing requirements in this regard.

3.1 Statement of Compliance

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

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

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

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

3.2 Accounting convention

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

- certain financial assets short term investments measured at FVPL;

- financial assets which are carried at value determined after the provision of impairment under expected credit loss approach;

- investment in associate carried at equity method of accounting;

- Financial liabilities at amortized cost are measured using the effective rate of interest after deducting the transaction costs;

- Deferred tax liabilities recognized at amounts in accordance with IAS 12; and

- Provisions are recognized at amounts reflecting the best estimate and contingencies are disclosed in accordance with IAS 37.

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

3.3 Functional currency

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

3.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

	Note
- Useful lives, residual values and patterns of economic benefits - Property & equipment and intangible assets	6.1 & 7
- Recoverable amount of non-financial assets and impairment	5.3(C)
- Impairment of financial assets	5.3(C)
- Allowance for expected credit losses	5.4
- Taxation	5.7
- Staff retirement benefits	5.8
- Valuation of investments measured at FVPL	5.3(a)(iii)
- Contingent liabilities	5.9
- Provisions	5.10

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

The Company reviews the useful life and residual value of property and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with corresponding effects on the depreciation / amortization charge and impairment, if any.

3.4.2 Recoverable amount of non financial assets and impairment

The management of the Company reviews carrying amounts of its non financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

3.4.3 Impairment of financial assets

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

3.4.4 Allowance for expected credit losses

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

3.4.5 Taxation

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

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3.4.6 **Staff retirement benefits**

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

3.4.7 **Valuation of investments measured at FVPL**

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

3.4.8 **Contingent liabilities**

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

3.4.9 **Provision**

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

4 **NEW STANDARDS / AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements.

4.1 **Standards, interpretations and amendments to published approved accounting standards that are effective for the period ended November 30, 2023**

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

Standard or Interpretation	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to 'IAS 7 Statement of Cash Flows'	January 01, 2023
Amendments to 'IFRS 4 Insurance Contracts' - expiry date of the deferral approach.	January 01, 2023

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

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

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Standard or Interpretation	Effective from accounting period beginning on or after:
Amendments to 'IFRS 16 Leases'	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

4.3 **Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;**

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property and equipment

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

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

Depreciation

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

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

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

De-recognition

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

5.2 Intangible assets

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

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

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible asset with finite lives is amortized on straight-line basis over its useful economic life at the rates specified in Note 7 to these financial statements and the resulting amortization is charged to statement of profit or loss. Amortization on additions is charged for the full month in which the asset is acquired while no amortization is charged in the month of its disposal. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis, if the impact of amortization is significant. The carrying amount of the intangible assets with finite lives is also reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either Individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from Indefinite to finite is made on a prospective basis.

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

Research and development costs for Block Chain Software

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

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

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

Other accounting and operational software

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

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

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

5.3 **Financial instruments**

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

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a) Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the company commits to purchase or sell the asset. The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss in the context of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i- Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii- Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

b) Financial liabilities

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

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

c) Impairment

Financial assets

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

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

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

Non-financial assets

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

d) De-recognition

i. Financial assets

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

ii. Financial liabilities

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

e) Offsetting of financial instruments

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

5.4 Trade debts and other receivables

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

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

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

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

i Right of-use assets

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

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

ii **Lease liability against right-of-use assets**

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

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

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

amount expected to be payable under a residual guarantee; and

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

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

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

5.6 **Accrued and other liabilities**

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

5.7 **Taxation**

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax asset on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except where deferred tax arises on the items credited or charged to comprehensive income or directly to the equity, in which case it is adjusted in statement of comprehensive income or statement of changes in equity.

5.8 **Staff retirement benefits**

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

5.9 **Contingent liabilities**

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

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

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

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

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

5.10 **Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date to reflect current best estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

5.11 **Investments in equity instruments of associated companies**

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

5.12 **Cash and bank balances**

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

5.13 **Revenue recognition**

Revenue and income from different sources is recognized as under:

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

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

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

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

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

5.14 Related party transactions

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

5.15 Dividend and transfer of reserves

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

5.16 Share capital

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

5.17 Earnings per share

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

5.18 Comprehensive income

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

6 PROPERTY AND EQUIPMENT

	November 30, 2023	June 30, 2023
	----Rupees----	
Operating fixed assets - tangible	**13,736,786**	16,189,925
Advance against vehicles	**5,500,000**	5,500,000
	19,236,786	21,689,925

Initials

6.1 Operating fixed assets - tangible

	Computers	Furniture and fixtures	Office equipment	Vehicles	Right of Use Asset	Total
Cost			-Rupees-			
Balance as at July 01, 2022	6,790,416	8,351,850	7,596,467	2,810,000	15,655,781	41,204,514
Additions during the year	1,080,669	-	16,000	-	-	1,096,669
Disposals during the year	(547,866)	(2,405,764)	(775,300)	(2,810,000)		(6,538,930)
Balance as at June 30, 2023	7,323,219	5,946,086	6,837,167	-	15,655,781	35,762,253
Balance as at July 1, 2023	**7,323,219**	**5,946,086**	**6,837,167**	-	**15,655,781**	**35,762,253**
Additions during the period	**180,600**	-	-	-	-	**180,600**
Disposals during the period	-	-	-	-	-	-
Balance as at November 30, 2023	**7,503,819**	**5,946,086**	**6,837,167**	-	**15,655,781**	**35,942,853**
Accumulated depreciation						
Balance as at July 1, 2022	3,266,344	3,649,361	4,010,015	2,810,000	3,581,313	17,317,033
Charge for the year	1,370,930	871,902	758,697	-	3,581,313	6,582,842
Adjustment for disposals	(547,866)	(754,915)	(214,766)	(2,810,000)	-	(4,327,547)
Balance as at June 30, 2023	4,089,408	3,766,348	4,553,946	-	7,162,626	19,572,328
Balance as at July 1, 2023	**4,089,408**	**3,766,348**	**4,553,946**	-	**7,162,626**	**19,572,328**
Charge for the period	**560,968**	**267,643**	**312,913**	-	**1,492,215**	**2,633,739**
Adjustment for disposals	-	-	-	-	-	-
Balance as at November 30, 2023	**4,650,376**	**4,033,991**	**4,866,859**	-	**8,654,841**	**22,206,067**
Carrying amount as at June 30, 2023	3,233,811	2,179,738	2,283,221	-	8,493,155	16,189,925
Carrying amount as at November 30, 2023	**2,853,443**	1,912,095	**1,970,308**	-	**7,000,940**	**13,736,786**
Depreciation rate per annum (%)	25%	10%-20%	**20%-33.33%**	**20%**	**16.67% - 25%**	

6.2 The depreciation charge for the period has been allocated to operating and administrative charges (Refer Note 21).

6.3 The particulars of operating fixed assets disposed of during the period are as follows:

Particulars of operating fixed assets	Cost	Net book value	Sale proceeds	Loss on disposal	Mode of disposal	Purchaser and its relationship with company
		-Rupees-				
November 30, 2023	-	-	-	-	Not applicable	Not applicable
June 30, 2023	6,538,930	2,211,384	1,635,000	(576,384)	Negotiation	Miscellaneous third parties

7 INTANGIBLE ASSETS

	Note	November 30, 2023 Block Chain Software	Accounting software	Operational software	Total
		----------------------Rupees----------------------			
As at July 1, 2023					
Cost	7.1	361,967,362	143,136	40,000	362,150,498
Accumulated amortization		-	(97,342)	(20,999)	(118,341)
Net book value		**361,967,362**	**45,794**	**19,001**	**362,032,157**
As at November 30, 2023					
Opening net book value		361,967,362	45,794	19,001	362,032,157
Charge for the period	21	-	(4,085)	(1,675)	(5,760)
Closing net book value		**361,967,362**	**41,709**	**17,326**	**362,026,397**
As at November 30, 2023					
Cost		361,967,362	143,136	40,000	362,150,498
Accumulated amortization		-	(101,427)	(22,674)	(124,101)
Net book value		**361,967,362**	**41,709**	**17,326**	**362,026,397**
Amortization rate per annum (%)		**-**	**10%**	**10%**	

	Note	June 30, 2023 Block Chain Software	Accounting software	Operational software	Total
		----------------------Rupees----------------------			
As at July 1, 2022					
Cost		361,967,362	143,136	40,000	362,150,498
Accumulated amortization		-	(87,528)	(16,999)	(104,527)
Net book value		361,967,362	55,608	23,001	362,045,971
As at June 30, 2023					
Opening net book value		-	-		
Additions - at cost		361,967,362	55,608	23,001	362,045,971
Charge for the year	21	-	(9,814)	(4,000)	(13,814)
Closing net book value		361,967,362	45,794	19,001	362,032,157
As at June 30, 2023					
Cost		361,967,362	143,136	40,000	362,150,498
Accumulated amortization		-	(97,342)	(20,999)	(118,341)
Net book value		361,967,362	45,794	19,001	362,032,157
Amortization rate per annum (%)		-	10%	10%	

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

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

7.2 The Block Chain software is considered as a single cash generating unit. The company performed its annual impairment test in November 30, 2023 and June 30, 2023. The recoverable amount of the asset of Rs. 1,110.643 million as at November 30, 2023 and Rs. 1,110.643 million as at June 30, 2023 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Board of Directors covering a five-year period. The pre-tax discount (WACC) rate applied to cash flow projections Is 26.59% and cash flows beyond the five-year period are extrapolated using a 4% growth rate that is the same as the long-term average growth rale for economy. It was concluded that the fair value less costs of disposal cannot be estimated, therefore, value in use has been compared with the carrying amount. As a resell of this analysis, the management has not recognized any impairment charge.

Key assumptions used In discounted cashflows calculations

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

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

7.2 The amortization is allocated to operating and administrative expenses (Refer Note 21).

Discount rates

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

Growth rates

Growth rate estimates are used to extrapolate cashflows beyond the five-year forecast period are based on GOP rates published in "Economic Survey of Pakistan 2022 lo 2023"

8 LONG TERM DEPOSITS

	Note	November 30, 2023	June 30, 2023
		------------Rupees----------	
Security deposit against:			
Central Depository Company of Pakistan Limited (CDC)		**200,000**	200,000
Rental premises			
Yaqoob Trading Company		**1,685,400**	1,685,400
ISE Towers REIT Management Company Limited		**280,000**	280,000
Topline securities		**18,966**	18,966
		2,184,366	2,184,366

9 INVESTMENT IN ASSOCIATE

	Note	November 30, 2023	June 30, 2023
Associated undertaking			
Modaraba Al Mali Strategic Holding	9.1	**138,418,070**	85,328,551

9.1 Modaraba Al Mali Strategic Holding

Balance as at July 01,	**85,328,551**	83,836,944
Investment acquired during the period - cost	**50,000,000**	-
Post tax share of profit / (loss) for the period / year	**3,089,519**	(366,924)
Post tax share of other comprehensive income for the period / year	-	1,858,531
	3,089,519	1,491,607
	138,418,070	85,328,551
Number of certificates of Rs. 10 each	**12,943,905**	7,943,905
Investment as percentage of the total paid-up certificate capital of the Modaraba certificates	**14.25%**	10.00%

This represents the value of the Modaraba certificates held by the Company, which is calculated under the equity method as the Company holds 14.25% (June 30, 2023: 10%) stake in the Modaraba. During the period, the company has acquired 5,000,000 right certificates of Modaraba at Rs. 10 per certificate against the Modaraba right offer on July 10, 2023 through the conversion of its musharaka finance facility previously been provided to the Modaraba Al Mali (Note 12). The carrying value has been determined on the basis of the total value of the Modaraba as per its unaudited (June 30, 2023: audited) financial statements for the period ended November 30, 2023, without taking into consideration the market value of the same.

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

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

The summarized financial information in respect of Modaraba Al Mali is set out below. The summarized financial information represents the amounts as shown in the associate's unaudited (June 30, 2023: audited) financial statements for the respective periods.

10/1/23

	November 30, 2023	June 30, 2023
	------------Rupees----------	
Current assets	266,844,267	203,832,784
Non-current assets	1,297,755,836	1,264,130,055
Current liabilities	(255,275,713)	(304,011,708)
Non-current liabilities	(48,719,568)	(48,719,568)
Income	29,964,141	11,671,876
Post tax profit from continuing operations	26,055,778	9,429,620
Post-tax loss from discontinued operation	-	(13,098,160)
Profit / (loss) for the year	26,055,778	(3,668,540)
Other comprehensive income for the year	-	18,581,776
Total comprehensive income for the year	26,055,778	14,913,236

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

Net assets of the associate	1,260,604,822	1,115,231,563
Proportion of the Group's ownership	14.25%	10%
Interest of company in net assets of associate	179,670,814	111,544,367
Other adjustments (including prior years)	(20,637,618)	(5,600,690)
Apportionment of share of profit of associate - prior years	(20,615,126)	(20,615,126)
Carrying amount of the Company's interest in associate	138,418,070	85,328,551

10 TRADE DEBTS - CONSIDERED GOOD AND UNSECURED	16,580,434	16,469,132

It represents amount due from various parties which is past due but not impaired. These relate to a number of independent customers and corporate parties from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	6,045,984	7,252,830
1 to 6 months	7,687,684	8,656,456
6 months to 1 year	2,846,766	559,846
	16,580,434	16,469,132

10.1 These include balance receivable from the following related parties:

Associated companies		
LSE Proptech Limited	161,440	25,000
LSE Ventures Limited	161,440	25,000
LSE Capital Limited	369,183	326,583
Ensmile Limited	1,191,250	460,000
Metatech Trading Limited, Ex-associate	211,904	-
Oilboy Energy Limited, Ex-associate	236,540	-
	2,331,757	836,583

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

11 SHORT TERM INVESTMENTS - measured at

Fair value through profit or loss

MCB Cash Management Optimizer Fund

Balance as at July 01,	226,454	1,844,467
Investment made during the period / year	-	45,054,846
Redemption during the period / year	-	(47,000,000)
Unrealized gain on re-measurement of investment at fair value	2,765	300,472
Dividend reinvested during the period / year, net of tax	17,058	26,669
Balance as at November 30, / June 30,	246,277	226,454
Number of units	2,232	2,232

1918

	Note	November 30, 2023	June 30, 2023
		------------Rupees----------	

12 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	November 30, 2023	June 30, 2023
Advances to staff - secured and considered good	12.1	1,488,488	-
Musharaka finance to related party - associated concern *Modaraba Al Mali - unsecured and considered good*	12.2	-	50,000,000
Accrued income - Musharaka finance	12.3	-	6,811,644
Prepayments		590,147	1,118,057
		2,078,635	57,929,701

12.1 These are secured against retirement benefits - employees' provident fund. These interest free advances are given to employees in the ordinary course of business as per their employment terms and will be recovered in due course of time. These include Rs. 790,000 (June 30: Nil) on account of outstanding balance of advance given to one executive. The year end balance being the highest aggregate balance of advance due from the executive at the end of any month during the period.

12.2 This represented musharaka finance facility extended to the above named listed Modaraba in the sum of Rs. 50 million for a tenor of 276 days to meet its working capital requirements. It was unsecured and carried profit rate @ 6 months Kibor + 2% per annum. This facility along with profit was stated to be recovered in full on maturity. As per the mutually agreed terms between the parties, no profit after the tenor of 276 days was to be charged by the company on the outstanding balance of musharaka finance due from the associated concern. During the period, this facility amount has been transferred to investment in associate and classified as equity investment in the said associated concern. (Note 9).

12.3 This represents profit receivable from Modaraba Al Mali, an associated concern, on the musharaka finance facility extended to the said party as disclosed in Note 12.1 above. This balance has been adjusted during the period.

13 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	November 30, 2023	June 30, 2023
		------------Rupees----------	
Advance income tax			
Balance as at July 01,	13.1	14,726,976	3,303,730
Tax deducted at source		9,247,625	21,121,248
Provision for taxation	24	(4,586,445)	(9,698,002)
Balance as at November 30, / June 30,		19,388,156	14,726,976

13.1 This includes Rs. 13.126 million as tax deducted at source in the name of the company in the capacity of trustee for holding securities of Ghani Chemical Industries on behalf of Modaraba Al Mali for trading purposes. The remaining balance of this amount is payable to the Modaraba Al Mali at the reporting date. (Refer Note 18.2).

14 CASH AND BANK BALANCES

	Note	November 30, 2023	June 30, 2023
Cash in hand		260,120	350,394
Cash at bank in:			
Current account		120,746	249,750
Saving accounts	14.1	383,666	1,464,725
		504,412	1,714,475
		764,532	2,064,869

14.1 These saving bank accounts carry profit rates ranging from 19.45% to 20.50% (June 30, 2023: 12.24% to 19.45%) per annum.

15 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

15.1 Authorized share capital

November 30, 2023	June 30, 2023		November 30, 2023	June 30, 2023
Number of shares			------------ Rupees ------------	
60,000,000	60,000,000	Ordinary shares of Rs. 10 each	600,000,000	600,000,000

15.2 Issued, subscribed and paid up capital

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

ICnB,

			November 30, 2023	June 30, 2023
15.3	**The shareholding structure of the Company is as under:**		------------ Number -----------	
	Name of shareholders	%age of shareholding		
	InfoTech (Private) Limited	40.90%	21,378,842	21,378,842
	LSE Capital Limited (Formerly Asset Plex Limited)	35.10%	18,347,472	18,347,472
	LSE Ventures Limited (Formerly LSE Financial Services Limited)	9.99%	5,221,973	5,221,973
	ISE Towers REIT Management Company	9.00%	4,704,480	4,704,480
	Others	5.00%	2,614,010	2,614,010
		100%	52,266,777	52,266,777

15.4 The shareholders are entitled to cast vote proportionate of the paid up value of shares carrying voting rights and have implied rights to appoint any person on the board of the company. All shares rank equally with regard to the Company's residual assets.

		November 30, 2023	June 30, 2023
		------------ Rupees -----------	
16	**LEASE LIABILITY**		
	Balance as at July 01,	9,778,600	12,983,818
	Add: Right of use asset acquired during the period / year	-	-
	Less: Payments made during the period / year	(1,526,732)	(3,205,218)
	Balance as at November 30, / June 30,	8,251,868	9,778,600
	Less: current portion shown under current liabilities	(4,097,710)	(3,819,107)
		4,154,158	5,959,493

16.1 This represents office premises located at Karachi and Islamabad acquired under a lease arrangement with landlords for a lease term of 2 years and 3 years respectively. These lease arrangements have a renewal option for a further period of lease and the company intends to exercise its option to use the underlying asset for another period of lease terms. Present value of minimum lease payments was discounted at an interest rate implicit in lease which equals to an interest rate of approximately 10.07% (June 30, 2023: 10.07%) per annum. Taxes, utilities and repairs are to be borne by the company. This facility is secured against the security deposit paid to the landlord as disclosed in Note 8 of these financial statements.

		November 30, 2023	June 30, 2023
16.2	**Maturity analysis - contractual undiscounted cashflows**		
	Less than one year	4,745,756	4,632,032
	One to five years	4,500,990	6,526,175
	Total undiscounted lease liabilities	9,246,746	11,158,207
17	**DEFERRED TAXATION**		
	Deferred tax liability in respect of taxable temporary differences		
	Depreciation on Right of use asset	2,030,273	2,463,015
	Amortization of intangible assets	8,045,736	6,296,229
	Share of profit and other comprehensive income in associate	1,346,853	883,425
	Unrealized gain on re-measurement of short term investments	415	45,071
		11,423,277	9,687,740
	Deferred tax asset in respect of deductible temporary differences		
	Depreciation on property and equipment	(968,501)	(900,525)
	Lease liability	(2,393,042)	(2,835,794)
		(3,361,543)	(3,736,319)
	Deferred tax liability as at November 30, / June 30,	8,061,734	5,951,421
	Less: Balance as at July 01,	5,951,421	3,439,701
	Less: Deferred tax attributable to comprehensive income	-	278,780
	Deferred tax expense charged in the statement of profit or loss	2,110,313	2,232,940

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17.1 **The reconciliation in this head of account is as follows:**

	Balance as at July 01, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at November 30, 2023
	---Rupees---						
Depreciation on property and equipment	373,916	(1,274,441)	-	(900,525)	(67,976)	-	(968,501)
Depreciation on Right of use asset	3,501,596	(1,038,581)	-	2,463,015	(432,742)	-	2,030,273
Amortization of intangible assets	2,622,260	3,673,969	-	6,296,229	1,749,507	-	8,045,736
Share of profit and other comprehensive income in associate	659,664	(55,039)	278,780	883,425	463,428	-	1,346,853
Unrealized gain on re-measurement of short term investments	47,552	(2,481)	-	45,071	(44,656)	-	415
Lease liability	(3,765,307)	929,513	-	(2,835,794)	442,752	-	(2,393,042)
	3,439,701	2,232,940	278,780	5,951,421	2,110,313	-	8,061,734

17.2 Deferred tax assets on account of unused tax losses amounting to Rs. 9.300 million (June 30, 2023: Rs. 9.847 million) have not been recognized in these financial statements as the timing of generation of taxable profits in the foreseeable future is not certain.

	Note	November 30, 2023	June 30, 2023
18 ACCURED AND OTHER LIABILITIES		------------Rupees------------	
Accrued liabilities	18.1	8,733,796	6,745,892
Payable to SECP against annual fee		2,000,000	4,516,473
Due to related party - associated undertaking Modaraba Al Mali	18.2	8,734,284	13,125,928
		19,468,079	24,388,293

18.1 These include contribution to staff provident fund amounting to Rs. 253,786 (June 30, 2023: Rs. 429,879) which have been deposited in the bank account of the fund after the reporting date within the stipulated period of time as laid in the Companies Act, 2017.

18.2 This represents balance amounts payable to the above named related party on account of tax withheld in the name of the company for holding the custody of securities of Ghani Chemical Industries Limited for trading in the name of the Modaraba as a trustee. This balance is unsecured, interest free and payable in due course of time.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There were no known material contingencies of the company as at the reporting date (June 30, 2023: Nil).

19.2 Commitments

There were no capital and other commitments of the company as at the reporting date (June 30, 2023: Nil).

	Note	November 30, 2023	June 30, 2023
20 OPERATING INCOME		------------Rupees------------	
Trusteeship business	20.2	34,726,828	79,830,642
Custodial business	20.3	4,547,313	11,368,785
Share registrar income	20.4	2,559,976	2,916,471
Data development and support services	20.5	7,000,000	-
Debt securities trustee income	20.6	1,000,000	4,027,434
		49,834,117	98,143,332

20.1 Sindh sales tax on revenue charged during the year amounted to Rs. 6.478 million (June 30, 2023: Rs. 7.383 million).

20.2 During the period, the Company provided trusteeship services to 35 mutual funds (June 30, 2023: 34). The remuneration has been received from these funds at different rates in accordance with respective agreements duly executed with parties.

20.3 During the period, the Company provided custodial services to 70 (June 30, 2023: 80) clients. Custodial fee has been charged as per the agreements entered into with such clients.

20.4 During the period, the Company provided share registrar services to 35 (June 30, 2023: 23) clients. Fee has been charged as per agreements with such clients.

20.5 During the period, the company provided cloud data development and support services to 1 (June 30, 2023: None) client. Data development and support fee has been charged as per the agreement entered into with such client.

20.6 During the period, the Company provided debt securities trustee services to 2 (June 30, 2023: 4) clients. Fee has been charged as per agreements with such clients.

		Note	November 30, 2023	June 30, 2023
			------------Rupees------------	
21	**OPERATING AND ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and benefits	21.1	**23,356,618**	54,494,861
	Directors' meeting fee	21.2	-	1,000,000
	Auditors' remuneration	21.3	**400,000**	1,100,000
	Advertisement and marketing expense		**565,541**	3,958,745
	Computer and technical support expenses		**1,208,532**	2,664,938
	Custody charges		**140,778**	315,553
	Utilities		**1,928,594**	1,881,621
	Entertainment		**1,141,926**	1,429,836
	Insurance		**139,695**	308,780
	Travelling and conveyance		**1,796,896**	1,004,367
	Postage, photocopy and telegram		**109,413**	171,942
	Rent, rates and taxes		-	-
	Repairs and maintenance		**1,532,237**	715,562
	Stationary, stamps and notary public expenses		**564,455**	854,680
	Legal and professional charges & other fees	21.4	**8,035,540**	9,413,024
	Miscellaneous expenses		**70,834**	367,511
	Loss on disposal of operating fixed assets	6.3	-	576,384
	Balance receivable written off		-	1,976,662
	Depreciation of operating fixed assets	6.1	**2,633,739**	6,582,842
	Amortization of intangible assets	7	**5,760**	13,814
			43,630,558	88,831,123

21.1 This includes an amount of Rs. 625,786 (June 30, 2023: Rs. 1,494,005) in respect of contribution towards staff provident fund, related party.

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

		November 30, 2023	June 30, 2023
21.3	**Auditors' remuneration**		
	Audit fee	**350,000**	1,000,000
	Out of pocket expenses	**50,000**	100,000
		400,000	1,100,000
21.4	**The breakup of this head of account is as follows:**		
	Fees and subscription	**148,539**	866,822
	Statutory fees to SECP	**2,397,779**	4,629,837
	Legal and professional charges	**5,489,222**	3,916,365
		8,035,540	9,413,024
22	**OTHER INCOME**		
	Income from financial assets		
	Dividend income	**20,068**	31,375
	Profit on savings bank accounts	**373,730**	2,363,563
	Profit on musharaka finance		
	Modaraba Al Mali - associated undertaking	-	6,811,644
		393,798	9,206,582
23	**FINANCE COST**		
	Markup on:		
	Lease liability against right of use asset	**384,729**	1,163,595

		Note	November 30, 2023	June 30, 2023
24	**PROVISION FOR TAXATION**			
	Current year - final tax regime			
	Tax on services		**4,475,054**	7,010,823
	Tax on dividend		**3,009**	4,706
	Capital gain tax		-	21,663
			4,478,063	7,037,192
	Current year - normal tax regime		**108,382**	2,660,810
		13	**4,586,445**	9,698,002
	Deferred taxation	17	**2,110,313**	2,232,940
			6,696,758	11,930,942

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24.1 The company has carried forward taxable loss for the period amounting to Rs. 32.069 million (June 30, 2023: Rs. 33.955 million), therefore, no provision for taxation under normal tax regime is applicable. Further, alternative corporate tax is also not applicable in the instant case. However, the company has accounted for provision for taxation under final tax regime as applicable to the company for income derived from services as per the provisions of Income Tax Ordinance, 2001. In addition to this, the income derived from listed securities and other sources is charged to tax at the applicable tax rates.

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

			November 30, 2023	June 30, 2023
25	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation attributable to the company's owners	Rupees	**2,608,154**	5,357,802
	Weighted average number of ordinary shares outstanding during the period / year	Numbers	**52,266,777**	50,031,154
	Earnings per share - basic	Rupees	**0.05**	0.11

	November 30, 2023	June 30, 2023 Restated
	------------Rupees----------	
25.1 Weighted-average number of ordinary shares (basic & diluted)		
Issued ordinary shares at July 1	52,266,777	11,110,000
Bonus issue	-	35,112,315
Effect of right issue	-	3,808,839
Weighted average number of ordinary shares at November 30, / June 30	52,266,777	50,031,154

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

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration, including all benefits, to the Chief Executive Officer and executives are as follows:

	Chief Executive Officer		Executives	
	November 30, 2023	June 30, 2023	November 30, 2023	June 30, 2023
	----------Rupees----------		----------Rupees----------	
Managerial remuneration	-	-	**3,277,291**	7,749,912
Special pay	-	-	**781,818**	1,285,855
Provident fund	-	-	**272,998**	623,151
House rent allowance	-	-	**1,474,776**	3,487,112
Utilities	-	-	**327,723**	774,909
Medical	-	-	**73,000**	200,213
Bonus	-	-	-	296,002
Fuel allowance	-	-	**215,995**	702,039
	-	-	**6,423,601**	15,119,193
Number of persons	**1**	1	**9**	10

26.1 No remuneration is paid to the Chief executive officer and executive directors of the company during the period / year. In addition to this, the use of company's maintained vehicle or benefit of any kind is not being given to any executive director of the company.

26.2 Meeting fee was paid to all the executive and non executive directors of the company in the comparative period as approved by the Directors of the company.

27 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and their close family members, major shareholders of the Company and staff provident fund. Transactions with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration to chief executive officer and executives is disclosed in note 26 to these financial statements. The balances with related parties are disclosed in respective notes to these financial statements. Other significant transactions carried out with related parties are as follows:

14/23

Name of the party	Relationship with the company	Basis of relationship	Nature of transaction	2023	2022
				------------Rupees----------	
Modaraba Al Mali	Associated concern	Associate of associated company	Share of (loss) / profit from associate	3,089,519	(366,924)
			Share of other comprehensive income from associate	-	1,858,531
			Investment made in the certificate capital of associate	50,000,000	-
			Musharaka finance given to associate	-	50,000,000
			Legal & professional charges borne by the associate	2,420,000	-
LSE Capital Limited	Associated company	35.10% shareholding in the company	Adjustment of long term liability against intangible assets	-	(362,667,768)
			Issuance of share capital	-	127,309,097
			Share registrar services provided to the party	46,624	180,000
InfoTech (Private) Limited	Associated company	45.90% shareholding in the company	Issuance of share capital	-	165,481,182
ISE Towers REIT Management Company Limited	Shareholder	9% shareholding in the company	Issuance of share capital	-	32,643,364
LSE Ventures Limited (Formerly LSE Financial Services Limited)	Associated company	9.99% shareholding in the company and associate of Modaraba Al Mali	Issuance of share capital	-	36,234,125
			Share registrar services provided to the party	125,000	88,960
LSE Proptech Limited	Associated company	Associate of Modaraba Al Mali	Share registrar services provided to the party	125,000	103,960
Ensmile Limited	Associated company	Associate of Modaraba Al Mali	Share registrar services provided to the party	150,000	35,000
			Cloud data development and support services provided to the party	7,000,000	-
Metatech Trading Limited	Ex-associated company	Ex-associate of Modaraba Al Mali	Share registrar services provided to the party	245,000	173,956
Oilboy Energy Limited	Ex-associated company	Ex-associate	Share registrar services provided to the party	222,500	-
LSE Financial Services Limited	Ex-associated company	Ex-associate of Modaraba Al Mali	Debt securities trustee services provided to the party	-	1,327,434
Muhammad Nasir Mirza	Director	Key management personnel	Meeting fee paid to director	-	125,000
Dr. Yusuf Zafar	Director	Key management personnel	Meeting fee paid to director	-	150,000
Naseer Ahmad Akhtar	Director	Key management personnel	Meeting fee paid to director	-	50,000
Muhammad Iqbal	Director	Key management personnel	Meeting fee paid to director	-	100,000
Shoaib Mir	Director	Key management personnel	Meeting fee paid to director	-	100,000
Farrukh Younus Khan	Director	Key management personnel	Meeting fee paid to director	-	100,000
Muhammad Khalid Farooq	Director	Key management personnel	Meeting fee paid to director	-	100,000
Syed Mukhtar Hussain	Director	Key management personnel	Meeting fee paid to director	-	100,000
Maleeha Humayun	Director	Key management personnel	Meeting fee paid to director	-	125,000
Aftab Ahmad Chaudhary	Chief Executive Officer	Key management personnel	Meeting fee paid to director	-	50,000

28 STAFF PROVIDENT FUND

The following information is based on un-audited financial statements of the provident fund for the period / year ended November 30, 2023 and June 30, 2023.

	November 30, 2023	June 30, 2023
	------------Rupees----------	
Size of the fund - total assets	4,515,913	3,572,157
Cost of investments	4,515,913	3,572,157
Percentage of investments made	100%	100%
Fair value of investments	4,515,913	3,572,157

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

Assets	Percentage		
Bank balances	100%	4,515,913	3,572,157

The above investments and placement of funds in special bank account has been made in accordance with the provisions of section 218 of Companies Act, 2017 and the rules formulated for this purpose.

29 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

29.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including, price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk. The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risks i.e. interest rate risk, currency risk and price equity risk. These are:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to currency risk because the company has not entered in to any transaction in foreign currency.

(ii) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk as well as market price risk as the Company has no investment in such instruments except for the investment in MCB Cash Management Optimizer Fund which is listed on PSX and has a good rating.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long-term interest-bearing assets at reporting date. The Company's interest rate risk arises from its bank balances and musharaka finance extended to Modaraba Al Mali. Financial instruments at variable rate expose the Company to cash flow interest rate risk. Financial instruments with fixed interest rate expose to the Company to fair value interest rate risk. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	November 30, 2023	June 30 2023
		----------Rupees----------	
Floating rate instruments:			
Musharaka finance - Modaraba Al Mali	12.2	-	50,000,000
Bank balances - savings accounts	14.1	383,666	1,464,725
		383,666	51,464,725

There were no fixed interest rate bearing financial instruments as at the reporting date.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation would have been increased / (decreased) by Rs. 3,837 (June 30, 2023: Rs. 514,647). This analysis is prepared without taking in account taxation effect and applying +/- 1% discount factor on the outstanding balance of bank balances and musharaka finance reported in these financial statements with the assumption that the balance is outstanding for the whole period. However, during the period the musharaka finance facility previously extended to Modaraba Al Mali has been converted into equity investment in associate and accordingly there is no such interest rate risk to which the company is exposed to since a material interest bearing balance has been classified as investment in associate during the period against the modaraba certificates right offer.

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The effective interest / profit rates as at November 30, 2023 and June 30, 2023 for the company's financial instruments are given in the relevant notes to these financial statements.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations on a specified future date. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed by the competent authorities of the sales and recovery departments with the approval of the BOD. The Company is exposed to credit risk from its operating activities primarily for local trade receivables, advances, deposits, other receivables, balances with banks and other financial assets. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	Note	November 30, 2023	June 30, 2023
FINANCIAL ASSETS		----------Rupees----------	
Long term deposits	8	2,184,366	2,184,366
Trade receivables	10	16,580,434	16,469,132
Short term investments	11	246,277	226,454
Deposits and other receivables	12	1,488,488	56,811,644
Bank balances	14	504,412	1,714,475
		21,003,978	77,406,071

The credit quality of financial assets that are neither past due not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages. Banks and financial institutions have external credit ratings determined by various credit rating agencies as listed below:

Banks	Rating - Short term	Rating - Long Term	Rating agency	November 30, 2023	June 30, 2023
				----------Rupees----------	
MCB Bank Limited	A1+	AAA	PACRA	504,412	1,714,475
MCB Cash Management Optimizer	-	AA+(f)	PACRA	246,277	226,454
				750,690	1,940,929

Exposure to credit risk - Banks

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

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Trade receivables

Customer is counterparty to local trade receivables against the rendering of trusteeship and custodial services. New customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each client based on internal rating criteria and reviewed regularly. Outstanding customer receivables are regularly monitored by the marketing and recovery department. Due to long standing relations with the counterparty and high creditworthiness of customers which are mostly corporate parties with high financial standing and good credit history, the overall credit risk of the Company is at a acceptable low level. The analysis of ages of trade receivables of the Company as at the reporting date is disclosed in Note 10 to these financial statements.

Concentration of credit risks

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior and extensive analysis of customer credit risk. Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their creditworthiness, the management does not expect non-performance by these counter parties on their obligations to the Company. Furthermore, almost all these balances have been recovered in full subsequent to the date of statement of financial position. Accordingly, the credit risk related to trade receivables is minimal as the chances of expected credit loss is not applicable in the instant case in practical scenario.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding to an adequate amount of committed obligations of the business. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company manages liquidity risk by maintaining sufficient cash. At November 30, 2023, the Company had Rs. 0.765 million (June 30, 2023: Rs. 2.065 million) of cash and bank balances. Further, the Company also has strong financial support from its shareholder companies. Based on the above, management believes the liquidity risk to be low.

Contractual maturities of financial liabilities:

As at November 30, 2023	Note	Within one year	Over 1 to 5 years	More than 5 years
		---Rupees---		
Lease liability	16	4,097,710	4,154,158	-
Accrued and other liabilities	18	19,468,079	-	-
		23,565,789	4,154,158	-
As at June 30, 2023				
Lease liability	16	3,819,107	5,959,493	-
Accrued and other liabilities	18	24,388,293	-	-
		28,207,400	5,959,493	-

29.2 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	---Rupees---			
Financial asset as at November 30, 2023				
Fair value through profit or loss	246,277	-	-	246,277
Financial asset as at June 30, 2023				
Fair value through profit or loss	226,454	-	-	226,454

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Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Valuation techniques used to determine fair values

Valuation technique used to value financial instruments includes the use of quoted market prices.

Recognized fair value measurements - Non-Financial Assets

There was no non-financial asset as at November 30, 2023 (June 30, 2023: Nil) for the recognized fair value measurement.

29.3 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

29.4 Financial instruments by categories

	Note	Amortized cost	Investment at fair value through profit or loss	Total
		Rupees		
As at November 30, 2023				
Financial Assets as per statement of financial position				
Long term deposits	8	2,184,366	-	2,184,366
Trade receivables	10	16,580,434	-	16,580,434
Short term investments	11	-	246,277	246,277
Advances and other receivables	12	1,488,488	-	1,488,488
Cash and Bank balances	14	764,532	-	764,532
		21,017,820	246,277	21,264,098

	Note	Amortized cost
		Rupees
Financial liabilities as per statement of financial position		
Lease liability	16	8,251,868
Accrued and other liabilities	18	19,468,079
		27,719,947

	Note	Amortized cost	Investment at fair value through profit or loss	Total
		Rupees		
As at June 30, 2023				
Financial Assets as per statement of financial position				
Long term deposits	8	2,184,366	-	2,184,366
Trade receivables	10	16,469,132	-	16,469,132
Short term investments	11	-	226,454	226,454
Advances and other receivables	12	56,811,644	-	56,811,644
Cash and Bank balances	14	2,064,869	-	2,064,869
		77,530,011	226,454	77,756,465

	Note	Amortized cost
		Rupees
Financial liabilities as per statement of financial position		
Lease liability	16	9,778,600
Accrued and other liabilities	18	24,388,293
		34,166,893

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

	Capital		Liabilities		Reserves	
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Accumulated loss	Total
	....	....	......Rupees......	....	....	....
As at July 1, 2023	522,667,768	-	-	9,778,600	(133,951)	532,312,417
Changes from financing cash flows						
Repayment of lease finance	-	-	-	(1,526,732)	-	(1,526,732)
Total changes from financing cash flows	-	-	-	(1,526,732)	-	(1,526,732)
Other changes						
Profit for the period	-	-	-	-	2,608,154	2,608,154
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,608,154	2,608,154
Balance as at November 30, 2023	522,667,768	-	-	8,251,868	2,474,203	533,393,839

	Capital		Liabilities		Reserves	
	Share capital	Share premium	Long term payable against intangibles	Lease liability	Accumulated loss	Total
	....	....	......Rupees......	....	....	....
As at July 1, 2022	111,100,000	48,900,000	362,667,768	12,983,818	(7,071,504)	528,580,082
Changes from financing cash flows						
Repayment of lease finance	-	-	-	(3,205,218)	-	(3,205,218)
Total changes from financing cash flows	-	-	-	(3,205,218)	-	(3,205,218)
Other changes						
Issuance of share capital	60,444,620	-	-	-	-	60,444,620
Share premium on issuance of shares	-	302,223,148	-	-	-	302,223,148
Issuance of bonus shares against share premium	351,123,148	(351,123,148)	-	-	-	-
Conversion of long term liability against intangibles into equity	-	-	(362,667,768)	-	-	(362,667,768)
Profit for the year	-	-	-	-	5,357,802	5,357,802
Other comprehensive income	-	-	-	-	1,579,751	1,579,751
	411,567,768	(48,900,000)	(362,667,768)	-	6,937,553	6,937,553
Balance as at June 30, 2023	522,667,768	-	-	9,778,600	(133,951)	532,312,417

31 CAPITAL RISK MANAGEMENT POLICIES AND PROCEDURES

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

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

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

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

32 NUMBER OF EMPLOYEES

	November 30, 2023	June 30, 2023
The number of employees during the period / year were as follows:		
At period end	58	60
Average during the period / year	58	42

33 AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 30-01-2024 by the Board of Directors of the Company.

34 GENERAL

34.1 Figures of the corresponding period have been rearranged / regrouped where considered necessary to achieve better presentation and understanding. However, no material reclassification has been made in the corresponding figures.

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

Chief Executive Officer

Director

LSE VENTURES LIMITED

FOR THE PERIOD ENDED NOVEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LSE VENTURES LIMITED

Opinion

We have audited the financial statements of **LSE VENTURES LIMITED** (the Company), which comprise the statement of financial position as at November 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from July 01, 2023 to November 30, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the period from July 01, 2023 to November 30, 2023 are prepared, in all material respects, in accordance with the basis of preparation as described in note 2.1 to the financial statements.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting and Restriction on distribution and use

We draw attention to Note 2.1 to the annexed financial statements, which describes the basis of accounting along with purpose of preparing these financial statements. As a result, these financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with basis of accounting described in Note 2.1 to the financial statements, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Crowe Hussain Ch & Co.

Lahore
Dated: January 30, 2024

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

LSE VENTURES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2023

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
ASSETS			
Non Current Assets			
Investment in subsidiaries	4	369,529	369,529
Investment in associates	5	1,283,266	1,231,363
Financial assets	6	753,153	715,242
Intangible assets	7	6,231	-
Long term deposits	8	100	100
		2,412,279	2,316,234
Current Assets			
Trade and other receivables	9	66,789	51,817
Advances and prepayments	10	1,154	7,929
Advance income tax	11	7,703	224
Bank balances	12	13,534	83,903
		89,179	143,873
		2,501,458	2,460,107
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
200,000,000 (June 30, 2023: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	13	1,795,979	1,795,979
Capital reserves:			
- Demerger reserve		26,533	26,533
- Fair value reserve		67,073	11,883
		93,606	38,416
Revenue reserves:			
- Unappropriated profit		338,209	362,776
Total Equity		2,227,794	2,197,171
Non Current Liabilities			
Deferred tax liability	14	165,225	156,997
Current Liabilities			
Trade and other payables	15	20,587	47,585
Un-paid dividend		54,272	33,455
Un-claimed dividend		15,568	15,568
Provision for taxation		18,012	9,331
		108,439	105,939
Contingencies and Commitments	16	-	-
		2,501,458	2,460,107

The annexed notes from 1 to 30 form an integral part of these financial statements.

	RmKhan	
Chief Executive Officer	**Chief Financial Officer**	**Director**

LSE VENTURES LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM JULY 01, 2023 TO NOVEMBER 30, 2023

	Note	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
			(Un-audited)
		Rupees in thousands	
Revenue	17	97,832	53,211
Operating Expenses			
Administrative and general expenses	18	(38,338)	(25,479)
Other operating expenses	19	(1,479)	(16)
Operating Profit		58,015	27,716
Other income		220	-
Share of profit from associates		14,166	7,877
Profit before Taxation		72,401	35,593
Taxation	20	(7,169)	-
Net Profit for the Period		65,232	35,593
Earnings per Share - Basic and Diluted	21	0.38	0.20

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

LSE VENTURES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 01, 2023 TO NOVEMBER 30, 2023

	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
		(Un-audited)
	Rupees in thousands	
Net Profit for the Period	65,232	35,593
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss	-	-
Items that may not be reclassified to profit or loss:		
Fair value gain on investments	64,929	-
Less: deferred tax	(9,739)	-
	55,190	-
Total Comprehensive Income for the Period	120,422	35,593

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

RmKhan
Chief Financial Officer

Director

LSE VENTURES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JULY 01, 2023 TO NOVEMBER 30, 2023

	Share Capital	Capital Reserves			Revenue Reserve	Total Equity
		Fair Value Reserve	Demerger Reserve	Total	Unappropriated Profit	
	Rupees in Thousands					
Net profit for the period	-	-	-	-	35,593	35,593
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	35,593	35,593
Transactions with owners of the company						
Fresh issuance of share capital	10,000	-	-	-	-	10,000
Transfer of share capital from LSE Financial Services Limited	1,812,512	-	-	-	116,942	1,929,454
Demerger reserve arisen under sceheme	(26,533)	-	26,533	26,533	-	-
	1,795,979	-	26,533	26,533	116,942	1,939,454
Charge of expenses incurred on listing of company	-	-	-	-	(43,190)	(43,190)
Balance as at November 30, 2022 (Un-Audited)	1,795,979	-	26,533	26,533	109,345	1,931,857
Balance as at June 30, 2023 - Audited	1,795,979	11,883	26,533	38,416	362,776	2,197,171
Net profit for the period	-	-	-	-	65,232	65,232
Other comprehensive income - net of tax	-	55,190	-	55,190	-	55,190
Total comprehensive income for the period	-	55,190	-	55,190	65,232	120,422
Transactions with owners of the company						
Cash dividends of Rs. 0.50 per share for the year ended June 30, 2023 (Final)	-	-	-	-	(89,799)	(89,799)
Balance as at November 30, 2023	1,795,979	67,073	26,533	93,606	338,209	2,227,794

The annexed notes from 1 to 30 form an integral part of these financial statements.

Rmlchan

Chief Executive Officer | **Chief Financial Officer** | **Director**

LSE VENTURES LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 01, 2023 TO NOVEMBER 30, 2023

	Note	From July 01, 2023 to November 30, 2023	June 30, 2023
		Rupees in thousands	
Cash Used in Operations	22	(25,858)	(92,501)
Finance cost paid		220	(5)
Income tax paid		(7,479)	(224)
Net Cash Used in Operating Activities		(33,117)	(92,730)
Cash Flows from Investing Activities			
Investment in MTS		(54,000)	(316,526)
Return on investment in MTS		37,450	-
Investment in unlisted securities		-	(26,794)
Investment in listed securities		(14,547)	(247)
Interest bearing loan received back / (to associate)		14,420	(14,420)
Sale proceed from disposal of investment		-	70,000
Dividend received		48,407	42,720
Long term deposits		-	(100)
Net Cash Generated from / (Used in) Investing Activities		31,730	(245,367)
Cash Flows from Financing Activities			
Receipt from right issue of shares		-	10,000
Dividend paid		(68,982)	-
Funds received under demerger sheme from LSE FSL		-	412,000
Net Cash (Used in) / Generated from Financing Activities		(68,982)	422,000
Net (Decrease) / Increase in Cash and Cash Equivalents		(70,369)	83,903
Cash and cash equivalents at the beginning of the period		83,903	-
		13,534	83,903

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer	RmKhan **Chief Financial Officer**	**Director**

LSE VENTURES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JULY 01, 2023 TO NOVEMBER 30, 2023

Note 1
Legal Status and its Nature of Business

1.1 Legal status and operations

LSE Ventures Limited (the Company) was registered on July 18, 2022 under the Companies Act, 2017 (XIX of 2017) as a public unlisted company limited by shares. In June 2023, the Company obtained the listing status under the symbol "LSEVL" at Pakistan Stock Exchange as a result of demerger scheme approved on April 26, 2023 by the Honorable Lahore High Court, accomplished through a reverse merger with Data Textiles Limited.

The Company is domiciled in Pakistan and its principal line of business is to invest in shares, bonds, stocks, units of mutual funds or any other securities or its related instruments or otherwise in all types of real assets and in such manner as may from time to time be determined by the Company and to hold, or sale such real assets, shares, bonds, stocks, units of mutual funds or any other securities or its related instruments, subject to the compliance with applicable laws.

The geographical location and address of the Company is as under:

Business Unit	Geographical Location
Head office / Registered Office	19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan.

Note 2
Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS), 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

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

These financial statements have been prepared for the purpose of determination of balances for restructuring scheme to be filed by the Company.

2.2 Basis of measurement

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

Investment in associates	Note - 5	(stated under equity method and under fair value through other comprehensive income)
Financial assets	Note - 6	(stated at amortised cost and fair value)

2.3 Presentation and functional currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Impairment loss of non-financial assets - Note 3.3.1.5
- Estimation of provisions and contingent liabilities - Note 3.5, 3.9 & 16
- Fair value of equity shares - Note 3.2 & 6
- Estimation of current income tax expense, provision for current tax and recognition of deferred tax - Note 3.6 & 14

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

Note 2, Basis of Preparation - Continued...

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

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

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction — (Amendments)	January 1, 2023

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

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

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Classification of liabilities as current or non-current — (Amendments)	January 1, 2024
IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements (Ammendments)	January 1, 2024

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

Note 3
Significant Accounting Policies

Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

3.1 Investment in subsidiaries

Investments in subsidiaries where the Company has control / significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Investments in subsidiaries that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

3.2 Investments accounted for using the equity method

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

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

Note 3, Significant Accounting Policies - Continued...

3.3 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.

3.3.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

3.3.1.1 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.

3.3.1.2 Initial recognition and measurement

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

3.3.1.3 Subsequent measurement

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

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

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

3.3.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) the Company has transferred substantially all the risks and rewards of the asset; or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

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

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

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

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

Note 3, Significant Accounting Policies - Continued...

3.3.1.5 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 effective interest rate.

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

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

3.3.2 Financial liabilities

3.3.2.1 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.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss.

3.3.2.2 Subsequent measurement

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

3.3.2.3 Derecognition

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

3.3.3 Offsetting of financial assets and liabilities

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

3.4 Trade and other receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Provision for loss allowance on doubtful debts is charged to statement of profit or loss directly.

Note 3, Significant Accounting Policies - Continued...

3.5 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

3.6 Taxation

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

3.6.1 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. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001. Super tax, if applicable, on the Company is calculated as per applicable tax rates as per Income Tax Ordinance, 2001.

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

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

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

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

3.6.2 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 the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all 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.

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

Note 3, Significant Accounting Policies - Continued...

3.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks which are free of encumbrances.

3.8 Trade and other payables

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

3.9 Contingent liabilities

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

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 will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.10 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.

3.11 Fair value measurement

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

Level 1

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

Level 2

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

Level 3

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

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

3.12 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

Note 3, Significant Accounting Policies - Continued...

3.13 Revenue recognition

The Company recognises revenue as follows:

Return on MTS investments and fixed income securities

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

Dividend income

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

3.14 Related party transactions

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. Transactions in relation to revenue, purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis.

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

3.15 Dividend distributions

Dividends to shareholders of the Company and appropriations other than statutory appropriations are recognized as a liability in the period in which these are approved.

3.16 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that made strategic decisions. The management has determined that the Company has a single reporting segment, as board of directors use the Company's operations as one reportable segment.

3.17 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

LSE VENTURES LIMITED
Notes to and Forming Part of Financial Statements

Note 4
Investment in Subsidiaries - at Cost

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
LSE Financial Services Limited	4.1	100,000	100,000
LSE Proptech Limited	4.2	269,529	269,529
		369,529	369,529

4.1 This represents 10,000,000 (June 30, 2023: 10,000,000) shares of Rs. 10 each acquired in LSE Financial Services Limited constituting 100% (June 30, 2023: 100%) ownership. These shares have been issued through order of the Honorable Lahore High Court dated April 26, 2023.

4.2 This represents 26,952,897 (June 30, 2023: 26,952,897) shares of Rs. 10 each acquired in LSE Proptech Limited constituting 29.90% (June 30, 2023: 29.90%) ownership. These shares have been issued through order of the Honorable Lahore High Court dated April 26, 2023.

Note 5
Investments in Associates

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Under Equity Method			
The Pakistan Credit Rating Agency Limited (PACRA)		54,198	67,224
Under Fair value through Other Comprehensive Income			
Central Depository Company of Pakistan Limited (CDC)		676,391	659,183
National Clearing Company of Pakistan Limited (NCCPL)		552,677	504,956
	5.1	1,283,266	1,231,363

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

	November 30, 2023		September 30, 2023	Total
	PACRA	NCCPL	CDC	
	Rupees in thousands			
Balance as at June 30, 2023	67,224	504,956	659,183	1,231,363
Share of profit for the period	14,166	-	-	14,166
Dividend received during the period	(33,404)	-	-	(33,404)
Fair value gain				
- through other comprehensive income	-	47,721	17,208	64,929
- through profit or loss	6,212	-	-	6,212
Balance as at November 30, 2023	54,198	552,677	676,391	1,283,266
No. of shares held	2,683,044	23,730,462	35,000,000	
Shareholding in %age	36.00%	23.53%	10.00%	

	June 30, 2023			
	PACRA	NCCPL	CDC	Total
	Rupees in thousands			
Transfer from LSE Financial Services Limited	52,439	516,386	599,420	1,168,245
Equity adjustment	(5,735)	(4,782)	34,893	24,376
Share of profit for the year	36,639	34,474	60,437	131,550
Dividend received during the year	(16,099)	(45,468)	(47,957)	(109,524)
Share in OCI	(20)	-	-	(20)
Fair value gain - OCI	-	4,346	12,390	16,736
Balance as at June 30, 2023	67,224	504,956	659,183	1,231,363
No. of shares held	2,683,044	23,730,462	35,000,000	
Shareholding in %age	36.00%	23.53%	10.00%	

5.2 These companies are locally incorporated, with their country of incorporation / registration serving as 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 investments in PACRA has been treated as associates in accordance with requirements of IAS 28 'Investment in Associates' and investment in CDC and NCCPL have been recognised at fair value through other comprehensive income. The shares of these associates are not listed on Pakistan Stock Exchange, hence published price quotes are not available. The shares of all the associated companies have a face value of Rs. 10 each.

Note 5, Investments in Associates - Continued...

5.3 Share of profit of PACRA for the period from July 01, 2023 to November 30, 2023 has been incorporated from the unaudited standalone financial statements provided by the management of the Company. Fair value gains on CDC and NCCPL for the period were determined by analyzing the quarterly accounts of September, 2023 and December, 2023 respectively, aiming to establish the approximate estimates.

Note 6
Financial Assets

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
At amortised cost			
Investment in Margin Trading System of NCCPL via LSE FSL	6.1	370,526	316,526
Pakistan Gasport Consortium Limited (PGPC) - Preference shares	6.2	280,000	280,000
International Learning Centre (Private) Limited (Berlitz)	6.3	9,000	9,000
Investment in SSR Pictures & 5Abbi Films	6.4	-	17,794
LSE Capital Limited formerly Assetplex Limited [related party]	6.5	-	14,420
At Fair value through profit or loss			
Unlisted - at fair value			
Pakistan Mercantile Exchange Limited (PMEX)	6.6	22,170	22,170
Digital Custodian Company Limited (DCCL) [related party]	6.7	54,167	54,167
Reckitt Benckiser Pakistan Limited	6.8	490	490
RB Hyginene Home Pakistan Limited	6.8	428	428
listed - at fair value			
First Dawood Investment Bank Limited (FDIBL)	6.9	16,372	247
		753,153	715,242

6.1 Investment on Margin Trading System of NCCPL via LSE FSL 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%. The Company has invested the amount through LSE Financial Services Limited. MTS platform and receives markup income net of 1% to 2% (June 30, 2023: 2%) service charges and MTS charges.

6.2 This represents Company's holding of 28 million preference shares in Pakistan GasPort Consortium Limited (PGPC) which are non-voting, privately placed, unlisted, callable, puttable, cumulative and floating rate preference shares with a par value of Rs. 10 each. These preference shares offer dividend at six months KIBOR plus 5.5% per annum.

6.3 The Company has obtained 5,700 shares of International Learning Centre (Private) Limited for Rs. 9 million, which represents 5.00% ownership.

6.4 This represented the Company's share of 33.33% of partnership in AOP with Mr. Ifthikhar Thakur and Mr. Muhammad Safdar Malik under the name of SSR Pictures & 5Abbi Films which was established for the purpose of production of movies in Pakistan. During the year, this shareholding was sold to LSE Financial Services Limited at cost.

6.5 This represented loan given to LSE Capital Limited formerly Assetplex Limited [a related party]. This amount had been given as advance and carries markup at 3 months KIBOR + spread of 3%. The amount along with markup has been received.

6.6 The Company holds 2,272,727 equity shares of Pakistan Mercantile Exchange Limited which represents 7.25% ownership in investee.

6.7 The Company holds 5,221,973 equity shares of Digital Custodian Company Limited (a related party due to common directorship), which is public unlisted entity. Orignially 1,110,000 shares were acquired at Rs. 54.05 but DCCL issued 4,111,973 bonus shares during the year ended June 30, 2023, bringing the total number of shares held to 5,221,973. There was no change in the shareholding percentage of 9.99%.

6.8 The Company holds 656 shares in Reckitt Benckiser Pakistan Limited and 176 share of RB Hyginene Home Pakistan Limited.

6.9 This represents investment in 6,996,500 (June 30, 2023: 149,000) shares of First Dawood Investment Bank Limited representing shareholding of 4.71% (June 30, 2023: 0.1%) of the share capital of the investee Company.

Note 7
Intangible Assets

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Cost		6,502	-
Amortisation	7.1	(271)	-
Carrying value as at November 30, 2023		6,231	-

7.1 The intangible assets have indefinite life. The Company has policy to amortise these at 10% per annum on straight line basis.

Note 8
Long Term Deposits

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Security deposit	8.1	100	100

8.1 This amount has been deposited with Central Depository Company of Pakistan Limited for share registrar services.

Note 9
Trade and Other Recievables

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Considered good			
Accrued dividend income	9.1	64,073	31,265
Bank profit receivable		1,314	-
Receivable from related party	9.2	1,402	20,552
		66,789	51,817

9.1 This represents dividend accrued against preferrence shares of Pakistan GasPort Consortium Limited (PGPC) at the rate of 6M Kibor plus 5.5% per annum.

9.2 This represents receivable from LSE Financial Services Limited against the MTS investment made by the Company.

9.2.1 Age analysis of trade receivables from related parties

Description	Period End	Past due				
		0-30 Days	31-60 Days	61-90 Days	91-365 Days	Above 365 days
		Rupees in thousands				
LSE Financial Services Limited	November 30, 2023	1,402	-	-	-	-

Note 10
Advances and Prepayments

	November 30, 2023	June 30, 2023
	Rupees in thousands	
Prepayments	999	7,929
Advances to employees	155	-
	1,154	7,929

Note 11
Advance Income Tax

	November 30, 2023	June 30, 2023
	Rupees in thousands	
Advance income tax	7,703	224

Note 12
Bank Balances

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Cash at bank in savings accounts	12.1	13,534	83,903

12.1 These carry mark-up of 20.50% per annum (June 30, 2023: 20.5% per annum).

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

Note 13
Issued, Subscribed and Paid-up Share Capital

November 30, 2023	June 30, 2023		November 30, 2023	June 30, 2023
Number of shares			Rupees in thousands	
-	1,000,000	Ordinary shares of Rs. 10 each issued for cash	-	10,000
-	(1,000,000)	Ordinary shares of Rs. 10 each cancelled as per demerger scheme	-	(10,000)
179,597,880	179,597,880	Ordinary shares of Rs. 10 each issued other than in cash	1,795,979	1,795,979
179,597,880	179,597,880		1,795,979	1,795,979

13.1 As the result of demerger scheme, 100% shares of LSE FSL have been transferred to the Company and the previous share capital of the Company has been cancelled.

13.2 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.

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

	November 30, 2023	June 30, 2023
	Number of shares	
Opening balance	179,597,880	-
Shares issued during the period	-	180,597,880
Shares cancelled during the period	-	(1,000,000)
Closing balance	179,597,880	179,597,880

Note 14
Deferred Tax Liability

	Note	November 30, 2023	June 30, 2023
		Rupees in thousands	
Deferred tax liability	14.1	165,225	156,997

14.1 **Breakup of Deferred tax Liability**

Taxable Temporary Differences		
Investment in associates	165,518	157,732
Deductible Temporary Differences		
Financial assets	(293)	(735)
	165,225	156,997

14.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% & 15% (June 30, 2023: 29% & 15%).

14.3 **Reconciliation of deferred tax liabilities / (assets) - Net**

Opening balance	160,495	145,075
Deferred tax effect charged to profit or loss	(5,009)	7,074
Deferred tax effect charged to other comprehensive income	9,739	4,848
Closing balance	165,225	156,997

Note 15
Trade and Other Payables

	Note	**November 30, 2023**	**June 30, 2023**
		Rupees in thousands	
Deferred income from LSE Capital Limited [related party]		-	616
Punjab Workers' Welfare Fund payable	15.1	19,128	17,649
Accrued expenses - audit fee		368	683
Others payable		1,092	-
Payable to related party - unsecured		-	28,637
		20,587	47,585

15.1 Punjab Workers' Welfare Fund payable

Transferred from LSE FSL	17,649	17,633
Add: provision during the period	1,479	16
Less: paid during the period	-	-
Closing balance	19,128	17,649

Note 16
Contingencies and Commitments

16.1 Contingencies

There are no material contingencies outstanding as at the reporting date (June 30, 2023: Nil).

16.2 Commitments

There are no material commitments outstanding as at the reporting date (June 30, 2023: Nil).

Note 17
Revenue

	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
	Rupees in thousands	
Income from financial assets		
Revenue from Margin Trading System of NCCPL via LSE FSL	38,852	19,039
Cash and cash equivalents - profit on savings bank accounts	1,450	500
Return on investment through LSE Capital Limted	616	33,672
Unrealized fair value gain on investments	7,790	-
Dividend income	49,124	-
	97,832	53,211

Note 18
Administrative and General Expenses

	Note	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
		Rupees in thousands	
Salaries and benefits	18.1	14,779	16,869
Information technology related expenses		1,265	-
Insurance		602	-
Travelling and conveyance		1,434	196
Printing and stationery		449	318
Utilities		402	-
Repairs and maintenance		4,637	-
Security expenses		1,972	-
Communication and public relations		1,512	1,536
Legal and professional charges		8,694	4,497
Margin Trading System charges		-	1,240
Fees and subscription		81	-
Auditors' remuneration		368	273
Board meetings fee		1,650	550
Amortisation expenses		271	-
Miscellaneous		221	-
		38,338	25,479

18.1 Salaries and benefits include Rs. 0.762 million in respect of contribution to provident fund.

Note 19
Other Operating Expenses

	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
	Rupees in thousands	
Punjab Workers' Welfare Fund	1,479	16

Note 20
Taxation

	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
	Rupees in thousands	
Current tax	8,681	-
Deferred tax	(1,512)	-
	7,169	-

20.1 Reconciliation of tax charge for the period

Profit before taxation	72,401	35,593
Tax @ 29% on profit before taxation	20,996	10,322
Tax effect of add backs / allowed deductions / deferred taxation	(13,827)	-
	7,169	-

20.2 The current tax expense for the period is calculated using corporation tax rate of 29% normal (June 30, 2023: 29%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 29% & 15% (June 30, 2023: 29% & 15%).

Note 21
Earnings per Share - Basic and Diluted

	From July 01, 2023 to November 30, 2023	From July 18, 2022 to November 30, 2022
Net profit for the year attributable to ordinary shareholders (Rupees in thousands)	65,232	35,593
Weighted average number of ordinary shares (Number of shares in thousands) - basic and diluted	179,598	179,598
Earnings per share - Basic (Rupees)	0.38	0.20

Note 22
Cash Generated from Operations

	From July 01, 2023 to November 30, 2023	June 30, 2023
	Rupees in thousands	
Profit before tax	72,401	238,280
Adjustments		
Share of profit of associates	(14,166)	(131,550)
Return on investments associates	(96,383)	(182,774)
Unrealized fair value loss / (gain) on investment - net	(1,578)	2,750
Provision for Punjab Workers' Welfare Fund	1,479	5,244
Finance cost	(220)	5
Loss before working capital changes	(110,868)	(306,325)
(Increase) / decrease in current assets:		
- Trade and other receivables	(14,933)	8,254
- Advances and prepayments	544	(3,738)
	(14,389)	4,516
Increase / (decrease) in current liabilities:		
- Trade and other payables	26,997	(28,973)
Cash Used in Operations	(25,858)	(92,501)

Note 23
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.

23.1 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.

23.2 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.

23.3 Interest rate risk

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

The maximum maturity profile of investment in Margin Trading System is upto sixty four days. 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:

	November 30, 2023	June 30, 2023
	Rupees in thousands	
Floating rate instruments		
Financial assets		
Bank balances	13,534	83,903

Cash flow sensitivity analysis for variable rate instruments

As at reporting date, if interest rates get 1% higher / lower with all other variables held constant, profit before tax for the period would have been higher / lower by Rs. 0.056 million (June 30, 2023: Rs. 0.839 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. 93.63 million.

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. 0.94 million on the basis that all other variables remain constant.

Note 23, Financial Risk Management - Contd...

23.2 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	November 30, 2023	June 30, 2023
		Rupees in thousands	
Financial assets	6	753,153	-
Trade and other receivables	9	66,789	51,817
Bank balances	12	13,534	83,903
		833,475	135,720

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. 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 only banks (with reasonably high credit ratings).

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			November 30, 2023
	Short term	Long term	Agency	
				Rupees in thousands
Bank Al-Habib Limited	A1+	AAA	PACRA	13,534
				13,534

Note 23, Financial Risk Management - Continued...

23.3 Liquidity risk

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

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years
	--------------	--------------	Rupees in thousands	--------------	--------------
Contractual maturities of financial liabilities as at November 30, 2023:					
Trade and other payables	1,459	1,459	1,459	-	-
Contractual maturities of financial liabilities as at June 30, 2023:					
Trade and other payables	29,936	29,936	29,936	-	-

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

23.4 Financial instruments by categories

Financial assets as at November 30, 2023

	Fair value through profit or loss	At amortised cost	At fair value through other comprehensive income	Total
	----------	----------Rupees in thousands	----------	----------
Investments in associates	-	-	1,229,068	1,229,068
Financial assets	93,627	659,526	-	753,153
Trade and other receivables	-	66,789	-	66,789
Bank balances	-	13,534	-	13,534
	93,627	739,848	1,229,068	2,062,543

Financial assets as at June 30, 2023

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	----------	----------Rupees in thousands	----------	----------
Investments in associates	-	-	1,164,139	1,164,139
Financial assets	77,502	637,740	-	715,242
Trade and other receivables	-	51,817	-	51,817
Bank balances	-	83,903	-	83,903
	77,502	773,460	1,164,139	2,015,101

Financial liabilities at amortised cost	November 30, 2023	June 30, 2023
	Rupees in thousands	
Trade and other payables	1,459	29,936

23.5 Fair value of financial instruments

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

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

Note 24
Capital Risk Management

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

The Company's objectives when managing capital are:

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

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

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

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

Note 25
Segment Reporting

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

25.2 The sales percentage by geographic region is as follows:

	November 30, 2023	June 30, 2023
	%	%
Pakistan	100.00	100.00

25.3 Major investments in MTS account for 40% of total revenue for the year. Revenue from MTS investment amount to Rs. 38.852 million.

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

Note 26
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 by:			
Modaraba Al Mali managed by LSE Capital Limited	Associate	Shareholding	26.00%
Investment made in:			
LSE Financial Services Limited	Subsidiary Company	Shareholding	100.00%
LSE Proptech Limited	Subsidiary Company	Shareholding	29.90%
National Clearing Company of Pakistan Limited	Associate	Shareholding	23.53%
Central Depository Company of Pakistan Limited	Associate	Shareholding	10.00%
Pakistan Credit Rating Agency Limited	Associate	Shareholding	36.00%
Digital Custodian Company Limited	Common Directorship	Common Directorship	9.99%
Directors:			
Mr. Muhammad Iqbal	Chairman/Independent Director	Director	1.22%
Mr. Aftab Ahmad	Chief Executive Officer	Director	0.00%
Mr. Abid Latif Khan	Non-Executive Director	Director	0.00%
Ms. Minahil Ali	Non-Executive Director	Director	0.00%
Mr. Shahnawaz Mahmood	Non-Executive Director	Director	0.00%
Mr. Tabassum Munir	Independent Director	Director	0.00%
Mr. Yasir Manzoor	Independent Director	Director	0.00%

Note 26, Transactions and Balances with Related Parties - Continued...

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 period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Names of Related Parties		**November 30, 2023**	**From July 18, 2022 to June 30, 2023**
		Rupees in thousands	
National Clearing Company of Pakistan Limited	Dividend received	3,916	45,468
	Trading charges paid	-	(2,653)
Central Depository Company of Pakistan Limited	Dividend received	12,401	47,957
	Deposit paid for share registrar services	-	(100)
Pakistan Credit Rating Agency Limited	Dividend received	33,404	16,099
LSE Proptech Limited	Shares purchased by the Company	-	(269,529)
	Reimbersement of expenses	-	(26,769)
Modaraba Al Mali			
	Reimbursement of facilities - receipts	-	(93)
	Loan - Principal	-	(300,000)
	Interest received	-	55,368
	Repayment of principal	-	20,000
	Preference shares purchased - settled	-	280,000
LSE Financial Services Limited	Shares issued	-	(100,000)
	Investment in MTS - Prinicpal	(54,000)	(316,526)
	Investment in MTS - markup accrued	38,852	20,551
	Expenses paid on behalf of Company	-	(1,529)
LSE Capital Limited	Loan given	(101,000)	(14,420)
	Loan received back	115,420	-
	Markup accrued	616	384
Balances outstanding:			
Investment in subsidiaries			
- LSE Financial Services Limited		100,000	100,000
- LSE Proptech Limited		269,529	269,529
Investments in associates			
- National Clearing Company of Pakistan Limited		552,677	504,956
- Central Depository Company of Pakistan Limited		676,391	659,183
- Pakistan Credit Rating Agency Limited		54,198	67,224
Short term investments			
- Digital Custodian Company Limited		54,167	54,167
- SSR Pictures & 5Abbi Films		-	17,794
Receivables			
- Due from LSE Financial Services Limited		1,402	20,551
Trade and other payables			
- Due to LSE Proptech Limited		-	(27,108)
- Due to LSE Financial Services Limited		-	(1,529)
- Deferred income from LSE Capital		-	(616)
Loan			
- LSE Capital Limited		-	14,420

Note 27
Remuneration of Chief Executive Officer, Directors and Executives

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

	Chief Executive Officer		Directors		Executives		Total	
	November 30, 2023	June 30, 2023	November 30, 2023	June 30, 2023	November 30, 2023	June 30, 2023	November 30, 2023	June 30, 2023
	Rupees in thousands							
Managerial remuneration	4,240	11,194	-	-	1,671	1,980	5,912	13,174
Company's contribution to the provident fund trust	424	1,018	-	-	167	165	591	1,183
Housing and utilities	2,332	5,597	-	-	919	990	3,251	6,587
Meeting fees	-	-	1,650	1,550	-	-	1,650	1,550
Others	1,094	6,163	-	-	334	1,205	1,428	7,368
	8,090	23,972	1,650	1,550	3,092	4,340	12,832	29,862
Number of persons	1	1	7	7	2	1	10	9

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

27.2 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.

Note 28
Number of Employees

	November 30, 2023	June 30, 2023
Total number of employees at the period end	4	8
Average number of employees during the period ended	4	4

Note 29
Authorization For Issue

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on 30 JAN 2024

Note 30
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No re-arrangement has been made in these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Amin Building,
65-The Mall, Lahore.
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HB/24-163

AGREED-UPON PROCEDURES REPORT TO THE BOARD OF DIRECTORS OF THE DIGITAL CUSTODIAN COMPANY LIMITED AND LSE VENTURES LIMITED

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting LSE Ventures Limited (LSEVL) and Digital Custodian Company Limited (DCCL) on account of the determination of the share swap ratio as of November 30, 2023 upon the proposed merger of LSE Ventures Limited (LSEVL) with and into Digital Custodian Company Limited (DCCL) under the scheme of Compromises, Arrangement and Reconstruction and may not be suitable for another purpose. This report is intended solely for use by the LSEVL, DCCL and the Lahore High Court, Lahore, and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party

The management of both companies (the "Management") has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Management is responsible for the subject matter on which the agreed- upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Management, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in 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 the independence requirements in accordance with this Code.

Our firm applies the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Management in terms of the engagement letter dated January 30, 2024. Procedures performed and findings include the following:

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Amin Building,
65-The Mall, Lahore.
Phone: 042-37352661-37321043
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Sr. No.	Procedures	Findings
1	We worked out the share swap ratio share as of November 30, 2023 upon the proposed merger of LSE Ventures Limited (LSEVL) with and into Digital Custodian Company Limited (DCCL) under the scheme of Compromises, Arrangement and Reconstruction for amalgamation / merger of LSEVL with and into DCCL based on the respective audited financial statements of both the companies in accordance with the provisions of the proposed scheme of Compromises, Arrangement and Reconstruction as approved by the BODs of both companies and the Guidelines For Mergers And Amalgamations (the "Guidelines") formulated pursuant to section 510 of the Companies Act, 2017. For this purpose, we have performed the following procedures. • Obtain the net book values of LSEVL and DCCL from the audited financial statements of both companies as of November 30, 2023; • Obtain the market price of shares of LSEVL from the PSX Portal dated January 24, 2024; and • Compute the share swap ratio based on the book value of DCCL and an average of book value and market price per share of LSEVL.	We report our findings below: • The net book values as per audited financial statements of both companies as of November 30, 2023, are as follows: LSEVL: Rs. 12.40 per share DCCL: Rs. 10.05 per share • The market price of shares of LSEVL as per the PSX Portal dated January 24, 2024, is Rs. 4.59 per share. • The average of market price per share and the book value per share of LSEVL comes to Rs. 8.50 per share [{12.40+4.59}/2]. • Based on the above information, the basic swap ratio comes to 0.846:1 [8.50/10.05] i.e. 846 ordinary shares of DCCL are to be issued against 1000 shares of LSEVL.

However, as per the proposed scheme of Compromises, Arrangement and Reconstruction for amalgamation / merger of LSEVL with and into DCCL, the Boards of the merging companies have used an Effective Swap Ratio which comprises a distribution ratio involving three equity components – namely, common shares allocation under a basic swap ratio (of 0.606 i.e. 606 common/ ordinary shares of DCCL against every 1000 shares of LSEVL), adjusted shares allocation (of 490 shares to the shareholders of each of the merging companies), and additional securities allocation (of 20% of the post-merger capital of the merging companies comprising of class B – redeemable shares and Perpetual & Convertible Sukuks). The Effective SWAP ratio comes to 1.145 for the shareholders of LSEVL comprising all securities.

Kreston Hyder Bhimji & Co.

LAHORE: January 30, 2024

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

EXHIBIT – II

SPECIAL RESOLUTIONS

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

NOTES:

1. The resolutions are meant for enabling actions under Sections 279 to 283 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.

SPECIAL RESOLUTIONS:

1. "**RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and all other applicable provisions, if any, and subject to the sanction by the Honorable Lahore High Court, Lahore, the merger/amalgamation of LSE Ventures Limited ('Transferor Company') with and into Digital Custodian Company Limited ('Transferee Company') as per the Scheme of Amalgamation/Merger, as placed before the shareholders, be and are hereby approved.

2. **RESOLVED FURTHER THAT** the Scheme of merger/amalgamation of LSE Ventures Limited (& its Members) with and into Digital Custodian Company Limited (& its Members), be and is hereby specifically approved.

3. **RESOLVED FURTHER THAT** over and above the swap ratio, having been determined by M/s Kreston Hyder Bhimji & Co., Chartered Accountants, the decision of the Board for the approval of the distribution ratio under the method of effective swap ratio involving three equity components – namely, common shares allocation under basic swap ratio (of 0.606, i.e., 606 common/ordinary shares of DCCL against every 1000 shares of LSEVL), adjusted shares allocation (of 490 shares to the shareholders of each of the merging companies), and additional securities allocation (of 20% of the post-merger capital of the merging companies comprising of Class B – Redeemable Shares and Perpetual & Convertible Sukuks), under this Scheme for the overall beneficial allotment of equity shares be and is hereby specifically approved/ratified.

4. **RESOLVED FURTHER THAT** the approval of the shareholders be and is hereby also granted to the terms and conditions as set out in the draft Scheme of Amalgamation/Merger, which includes, inter-alia, the following:

a) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (LSE Ventures Limited) will be transferred to and shall vest in the Transferee Company, i.e., Digital Custodian Company Limited (as described in Schedule – 1 of the Scheme);

b) That the Scheme of Amalgamation/Merger 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, Schedule – 3 and Schedule - 6 of the Scheme) into the Transferee

Company, shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court, Lahore may approve;

c) That all the employees of the Transferor Company (i.e. LSE Ventures Limited), 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 Company, i.e., Digital Custodian Company Limited (as described in Schedule – 4 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;

d) That the listing status of the LSE Ventures Limited (LSEVL) with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of LSEVL) 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 name of Digital Custodian Company Limited (as described in the Scheme).

e) Furthermore, the additional securities issued under this Scheme, i.e., Class B - Redeemable Shares and Perpetual and Convertible Sukuks of DCCL shall also stand listed subject to the submission of the certified copy of the sanction Order of the Scheme and necessary requisite formalities with regards to listing of these securities to PSX.

5. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of LSE Ventures Limited and Digital Custodian Company Limited to amend any of the Swap ratio, Distribution ratio and/or Effective Swap ratio, as the case may be, if advised or directed by the Honorable Lahore High Court, Lahore, for the issuance of common shares and additional securities of Digital Custodian Company Limited to the shareholders of the LSE Ventures Limited.

6. **RESOLVED FURTHER THAT** in order to accommodate the future business of the merged entity, i.e., **DCCL**, the proposed changes, as attached with Schedule - 9 of the Scheme in the Memorandum and Articles of Association of **DCCL,** be and are hereby specifically and individually resolved to be adopted.

7. **RESOLVED FURTHER THAT** approval be and is hereby accorded to the terms and conditions as deliberated in the Article-6 of the Scheme for issuance of additional securities and no further approval is required from the shareholders for their issuance.

8. **RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017, for the possible conversion of 32,222,795 Digital Custodian Company Limited – Perpetual and Convertible Sukuk into 32,222,795 ordinary shares of Digital Custodian Company Limited on triggering events as deliberated in the Scheme.

9. **RESOLVED FURTHER THAT** the approval be and is hereby accorded to approve the shelf registration of further Rs. 500,000,000 divided into 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk of Rs. 10/- each that can be issued to the existing shareholders as a bonus or right.

10. **RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017 for the possible conversion of further 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk (as kept under Shelf Registration) into 50,000,000 ordinary shares of the Company on triggering events as deliberated in the Scheme.

11. **RESOLVED FURTHER THAT** any delay or non-approval of the registration/licensing of the Transferee Company to act as a central depository for performing functions as described in the Scheme; the merger of the companies as per the instant Scheme, shall not be affected because the same is hereby considered beneficial for the shareholders of both the companies.

12. **RESOLVED FURTHER THAT** pursuant to the provision of Section 279 to 283 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 or the Company Secretary of Digital Custodian Company Limited singly before the Honorable Lahore High Court, Lahore, 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 the Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court, Lahore, may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation/Merger.

13. **RESOLVED FURTHER THAT** the Chief Executive or the Company Secretary of Digital Custodian Company Limited and/or LSE Ventures Limited (as the case may be), be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/merger to the competent authorities including but not limited to Honorable Lahore High Court, Lahore, the Securities & Exchange Commission of Pakistan, and the Competition Commission of Pakistan.

14. **RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary of Digital Custodian Company Limited, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company (i.e., respective company/ corporate undertaking) to the Honorable Lahore High Court, Lahore, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.

15. **RESOLVED FURTHER THAT** the Chief Executive Officer, or the Company Secretary of Digital Custodian Company Limited, 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, Lahore, and to do other needful tasks;
    c) To appear [in person or through representative(s)] before the Honorable Lahore High Court, Lahore; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; the 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 purposes."