

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022 (UN-AUDITED)

	Note	March 31, 2022 Un-audited	June 30, 2021 Audited
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property and equipment	5	536,332	1,266,706
Investment property	6	442,546	378,431
Investments accounted for using the equity method	7	1,113,415	1,115,605
Net investment in finance lease		4,279	4,281
Long term deposits		1,474	1,474
		2,098,046	2,766,497
Current Assets			
Stores and spares		1,240	1,765
Trade and other receivables	8	10,513	9,473
Advances and prepayments	9	5,292	2,471
Short term investments	10	486,150	507,136
Tax refunds due from Government - net		45,764	39,770
Cash and bank balances		59,876	79,824
		608,835	640,439
		<u>2,706,881</u>	<u>3,406,936</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2021: 200,000,000) ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Share capital			
Issued, subscribed and paid-up share capital		1,282,842	1,282,842
Capital reserves			
Revaluation surplus on property, plant and equipment	5.1.1	110,788	776,227
Revenue reserves			
Building reserve fund	11	1,892	1,425
Un-appropriated profits		990,852	1,060,658
		992,744	1,062,083
Total equity		<u>2,386,374</u>	<u>3,121,152</u>
Non-Current Liabilities			
Long term financing		6,832	6,157
Deferred tax		152,274	127,697
		159,106	133,854
Current Liabilities			
Trade and other payables		107,378	99,646
Current portion of long term finance		1,443	1,539
Unpaid dividend		32,331	26,460
Unclaimed dividend		6,116	7,917
		147,268	135,562
Liabilities related to discontinued operations		14,133	16,368
CONTINGENCIES AND COMMITMENTS			
	13	<u>2,706,881</u>	<u>3,406,936</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
(UN-AUDITED)
FOR THE PERIOD NINE MONTH ENDED MARCH 31, 2022

		Nine month ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
	Notes	----- (Un-audited) ----- Rupees in thousand		----- (Un-audited) ----- Rupees in thousand	
Revenue	14	107,266	96,870	38,564	33,816
Other Income		11,502	19,244	3,928	3,847
Operating Expenses					
Administrative and general expenses		<u>(97,211)</u>	<u>(86,333)</u>	<u>(38,593)</u>	<u>(31,304)</u>
Operating Profit		21,557	29,781	3,899	6,359
Finance cost		(357)	(72)	(132)	(21)
Share of profit of associates accounted for using the equity method - net of tax		<u>158,305</u>	<u>159,845</u>	<u>45,131</u>	<u>56,436</u>
Profit before Taxation		179,505	189,554	48,898	62,732
Taxation	15	(37,997)	(33,519)	(12,666)	(10,876)
Profit after Taxation		<u>141,508</u>	<u>156,035</u>	<u>36,232</u>	<u>51,856</u>
Earnings Per Share (basic and diluted)	16	<u>1.10</u>	<u>1.22</u>	<u>0.28</u>	<u>0.40</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer

LSE FINANCIAL SERVICES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD NINE MONTH ENDED MARCH 31, 2022

	Nine month ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
Profit for the Period	141,508	156,035	36,232	51,856
Other comprehensive income				
Items that may be classified to profit and loss account	-	-	-	-
Items that may not be classified to profit and loss account				
Revaluation surplus on building transferred to investment property	46,521	-	46,521	-
Impact of deferred tax	(13,491)	-	(13,491)	(450)
Reversal of revaluation surplus on land	(697,647)	-	(697,647)	-
Unrealized loss on investments classified as available for sale	-	-	-	1,551
	(664,617)	-	(664,617)	1,101
Total Comprehensive Income for the	<u>(523,109)</u>	<u>156,035</u>	<u>(628,385)</u>	<u>52,957</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer

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Chief Financial Officer

LSE FINANCIAL SERVICES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD NINE MONTH ENDED MARCH 31, 2022

	Share Capital	Revaluation Surplus	Capital Reserve	Revenue Reserve	Un-appropriated profit	Total
	Rupees in thousand					
Balance as at June 30, 2020 (Audited)	1,282,842	786,403	4,964	-	906,244	2,980,453
Profit for the period	-	-	-	-	235,980	235,980
Other comprehensive income	-	-	(4,964)	-	(518)	(5,482)
Total comprehensive income for the period	-	-	(4,964)	-	235,462	230,498
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(1,671)	-	-	1,671	-
Transfer from retained earning to building reserve fund	-	-	-	1,425	(1,425)	-
Transfer of revaluation surplus realized on property, plant and equipment to retained earnings - associate	-	(8,505)	-	-	8,505	-
Cash dividend paid (Rs. 0.70 per share) for the year ended June 30, 2020	-	-	-	-	(89,799)	(89,799)
Balance as at June 30, 2021 (Audited)	1,282,842	776,227	-	1,425	1,060,658	3,121,152
Profit for the period	-	-	-	-	141,508	141,508
Other comprehensive loss - net of tax	-	(664,617)	-	-	-	(664,617)
Total comprehensive income for the period	-	(664,617)	-	-	141,508	(523,109)
Transfer from revenue reserve to capital reserve	-	-	-	467	(467)	-
Transfer to retained earnings on account of incremental depreciation - net of tax	-	(822)	-	-	822	-
Cash dividend (Rs. 0.90 per share) for the year ended June 30, 2021	-	-	-	-	(115,456)	(115,456)
Interim cash dividend (Rs. 0.75 per share) for the year ended December 31, 2021	-	-	-	-	(96,213)	(96,213)
Balance as at March 31, 2022 (Un-audited)	1,282,842	110,788	-	1,892	990,852	2,386,374

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

LSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE PERIOD NINE MONTH ENDED MARCH 31, 2022

Note 1

Corporate and General Information**1.1 Legal status and operations**

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

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

1.2 Discontinued Operations

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

1.3 The JCR-VIS Credit Rating Company Limited has reaffirm long term and short term credit ratings of the Company as "A" and "A-1" respectively with stable outlook.

1.4 The Company has obtained sufficient insurance coverage from category "A" rated entity as per NBFC regulations against any losses that may be incurred as a result of employees' fraud or gross negligence.

Note 2

Basis of Preparation

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Note 2, Basis of Preparation - Cont. ...

Note 2.1, Statement of Compliance - Cont. ...

- Provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, have been followed.

- 2.2** These condensed interim financial statements have been reviewed by the external auditors of the Company and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2021.

Note 3

Significant Accounting Policies

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2021.

Note 4

Critical Accounting Estimates And Judgments

When preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last audited annual financial statements for the year ended June 30, 2021. The only exceptions are the estimate of income tax liabilities which is determined in the condensed interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)

Note 5

Property and Equipment

		March 31, 2022	June 30, 2021
	Note	Un-audited	Audited
		Rupees in thousand	
Operating fixed assets	5.1	535,028	1,265,905
Capital work-in-progress	5.2	1,304	801
		<u>536,332</u>	<u>1,266,706</u>
5.2 Capital work in progress			
Opening balance		801	25,651
Additions during the period / year		503	19,210
		1,304	44,861
Transferred to property and equipment		-	(44,060)
		<u>1,304</u>	<u>801</u>

Note 6

Investment property

		March 31, 2022	June 30, 2021
	Note	Un-audited	Audited
		Rupees in thousand	
Investment property	6.1	442,546	378,431
6.1 Investment property			
Opening value		378,431	378,431
Additions during the period / year		-	-
Disposals during the period / year		-	-
Transferred from PPE during the period / year		64,115	-
		<u>442,546</u>	<u>378,431</u>
Area classified as an investment property - sq.ft		29,434	25,018

- 6.2** In order to remove the violation of Rule 7(2)(j) of the NBFC Rules, 2003, which has been reported by the Commission in its valuation inspection report dated November 25, 2021 the Board has decided to transfer of land and the investment property appearing in the balance sheet of the Company to its wholly-owned subsidiary, M/s LSE PropTech Limited. The Company has applied to the Commission for its prior approval as warranted under Memorandum Clause 3.64 of the Company. Upon approval from the Commission, the matter of transfer of land and the investment property shall be placed before its general body for obtaining specific approval of the matter.

5.1 Operating Fixed Assets - Tangible

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION						Book Value	
	Balance as at 01-07-2021	Additions	Deletions	Reversal of Revaluation surplus	Transfer to IP	Balance as at 31-03-2022	Rate	Balance as at 01-07-2021	For the period	Transfer to IP	Deletions	Balance as at 31-03-2022	as at 31-03-2022
Owned assets	-----Rupees in thousand-----												
Land freehold	1,059,660	-	-	(697,647)	-	362,013	-	-	-	-	-	-	362,013
Building on freehold land	119,460	-	-	-	(19,632)	99,828	5%	10,097	4,101	(2,038)	-	12,160	87,668
Computer and accessories	51,355	570	(404)	-	-	51,521	30%	49,481	503	-	(253)	49,731	1,790
Furniture and fixture	13,867	-	-	-	-	13,867	10%	9,420	333	-	-	9,753	4,114
Office equipment	7,351	-	(63)	-	-	7,288	20%	6,894	64	-	(45)	6,913	375
Electric fittings and appliances	136,630	502	(268)	-	-	136,864	20%	73,701	9,117	-	(266)	82,552	54,312
Vehicles	3,345	-	(2,141)	-	-	1,204	20%	2,513	112	-	(1,508)	1,117	87
Elevator	19,969	-	-	-	-	19,969	20%	12,931	967	-	-	13,898	6,071
Generator	34,206	-	-	-	-	34,206	10%	17,573	1,244	-	-	18,817	15,389
Arms and security equipment	5,316	749	-	-	-	6,065	10%	2,646	212	-	-	2,858	3,207
Library books	318	-	-	-	-	318	25%	316	-	-	-	316	2
Leasehold improvements	5,697	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
December 31, 2021 - un-audited	1,457,174	1,821	(2,876)	(697,647)	(19,632)	738,840		191,269	16,653	(2,038)	(2,072)	203,812	535,028

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION						Book Value	
	Balance as at 01-07-2020	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Balance as at 30-06-2021	Rate	Balance as at 01-07-2020	For the Year		Deletions	Balance as at 30-06-2021	as at 30-06-2021
Owned Assets	-----Rupees in thousand-----												
Land freehold	1,059,660	-	-	-	-	1,059,660		-	-		-	-	1,059,660
Building on freehold land	95,139	150	-	-	24,171	119,460	5%	4,757	5,340		-	10,097	109,363
Computer and accessories	50,982	588	(215)	-	-	51,355	30%	48,951	705		(175)	49,481	1,874
Furniture and fixture	13,867	-	-	-	-	13,867	10%	8,926	494		-	9,420	4,447
Office equipment	7,351	25	(25)	-	-	7,351	20%	6,793	113		(12)	6,894	457
Electric fittings and appliances	116,835	-	(94)	-	19,889	136,630	20%	61,721	12,064		(84)	73,701	62,929
Vehicles	3,345	-	-	-	-	3,345	20%	2,305	208		-	2,513	832
Elevator	19,969	-	-	-	-	19,969	20%	11,171	1,760		-	12,931	7,038
Generator	34,206	-	-	-	-	34,206	10%	15,725	1,848		-	17,573	16,633
Arms and security equipment	4,213	1,103	-	-	-	5,316	10%	2,373	273		-	2,646	2,670
Library books	318	-	-	-	-	318	25%	315	1		-	316	2
Leasehold improvements	5,697	-	-	-	-	5,697	20%	5,697	-		-	5,697	-
June 30, 2020 - audited	1,411,582	1,866	(334)	-	44,060	1,457,174		168,734	22,806		(272)	191,269	1,265,906

5.1.1 As per the advice of the valuer of the Company, M/s Unicorn International Surveyor, vide its evaluation report dated March 31st, 2022, the Company has reversed the revaluation gain amounting to Rs. 697.647 million on its land on account of the Company having created the ownership interest of outside tenants in its property by way of executing perpetual lease deeds for consecutive renewable terms of 99 years.

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE PERIOD NINE MONTH ENDED MARCH 31, 2022

	Nine month ended March 31,	
	2022	2021
	----- (Un-audited) -----	
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	179,505	189,554
Adjustments for:		
- Depreciation	16,654	16,335
- Share of profit of associates	(158,305)	(159,845)
- Return on investments	(41,947)	(41,451)
- FV gain on short term investments	(918)	-
- Finance income on net investment in finance lease	(259)	259
- Gain on disposal of property, plant and equipment	54	(86)
- Employees' welfare fund	62	193
- Provision against earned leaves	641	440
- Impairment loss on trade and other receivables - net	657	1,984
- Finance cost	357	72
	<u>(183,004)</u>	<u>(182,100)</u>
Operating loss before working capital changes	(3,499)	7,455
(Increase) / decrease in current assets:		
- Stores and spares	525	(242)
- Trade and other receivables	(1,198)	7,466
- Advances and prepayments	(2,821)	(1,295)
Increase / (decrease) in current liabilities:		
- Deposits payable related to discontinued operations	(2,235)	-
- Trade and other payables	7,787	5,555
	<u>2,058</u>	<u>11,484</u>
Net Cash Generated from Changes in Working Capital		
Cash (Used in) / Generated from Operations	(1,441)	18,939
Employees' welfare fund paid	(62)	(193)
Earned leaves paid	(726)	(389)
Finance cost paid	(328)	(72)
Income tax paid	(32,904)	(27,320)
Bonus paid	-	(684)
	<u>(35,461)</u>	<u>(9,719)</u>
Net Cash Used in Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets under own use	(2,323)	(10,936)
Proceed from disposal of property, plant and equipment	749	144
Net investment in finance lease - rentals	260	348
Investments matured during the period-net	21,904	32,191
Profit received on saving bank accounts	41,448	37,184
Dividend received	160,495	72,755
	<u>222,533</u>	<u>131,686</u>
Net Cash Generated from Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(207,599)	(86,814)
Long term financing repaid	(1,345)	-
Long term financing obtained	1,924	-
	<u>(207,020)</u>	<u>(86,814)</u>
Net Cash Used in Financing Activities		
Net Increase / (Decrease) in Cash and Cash Equivalents	(19,948)	35,153
Cash and cash equivalents at the beginning of the period	79,824	69,732
Cash and Cash Equivalents at the End of the Period	<u>59,876</u>	<u>104,885</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer

Note 7

Investments Accounted For Using Equity Method

	March 31, 2022	June 30, 2021
	Un-audited	Audited
	Rupees in thousand	
Investments in associated companies:		
The Pakistan Credit Rating Agency Limited (PACRA)	56,105	51,323
Central Depository Company of Pakistan Limited (CDC)	566,339	546,217
National Clearing Company of Pakistan Limited (NCCPL)	490,971	518,065
	1,113,415	1,115,605

7.1 Reconciliation of changes in carrying value of investment in associates

March 31, 2022				
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	-----Rupees in thousand-----			
Opening balance	51,323	546,217	518,065	1,115,605
Share of profit for the period	18,197	65,873	74,235	158,305
Dividend received during the period	(13,415)	(45,751)	(101,329)	(160,495)
Closing balance	56,105	566,339	490,971	1,113,415
Number of shares	2,683,044	30,000,000	23,730,462	
Shareholding in %age	36%	10%	23.53%	

June 30, 2021				
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	-----Rupees in thousand-----			
Opening balance	83,202	504,103	408,984	996,289
Share of profit for the year	23,426	76,273	143,987	243,686
Share of other comprehensive income of associate	(303)	-	-	(303)
Actuarial loss on employees' gratuity fund	-	(431)	216	(215)
Dividend received during the year	(55,002)	(33,728)	(35,122)	(123,852)
Closing balance	51,323	546,217	518,065	1,115,605
Number of shares	2,683,044	25,000,000	23,730,462	
Shareholding in %age	36%	10%	23.53%	

7.2 Shares of all associated companies have a face value of Rs. 10 each. The company has the following shareholding structure in associates:

7.3 During the period CDC issued 5,000,000 (June 30, 2021: 5,000,000) number of ordinary shares as bonus shares.

7.4 Due to non-availability of financials, the Income from associates (CDC, NCCPL & PACRA) is booked on proratra basis based on half yearly reviewed financial statements.

Note 8

Trade and Other Receivables - Considered Good

		March 31, 2022	June 30, 2021
	Note	Un-audited	Audited
		Rupees in thousand	
Trade receivables - unsecured	8.1	2,517	3,606
Other receivables			
- From related parties - secured	8.2	1,959	1,947
- Accrued mark-up		3,273	2,774
- Others	8.3	2,764	1,146
		<u>10,513</u>	<u>9,472</u>
8.1 Trade receivables from ex - members			
Considered good		2,517	3,606
Considered doubtful		<u>16,557</u>	<u>16,131</u>
		19,074	19,737
Less: Allowance for impairment		<u>(16,557)</u>	<u>(16,131)</u>
		<u>2,517</u>	<u>3,606</u>
8.2 Other receivables from related parties:			
MCF Trust Fund		224	232
IPF Trust Fund		693	683
TCF Trust Fund		1,042	1,032
National Clearing Company of Pakistan Limited		-	144
Less: Allowance for impairment	8.4	-	(144)
		-	-
Central Depository Company of Pakistan Limited		-	122
Less: Allowance for impairment	8.4	-	(122)
		-	-
		<u>1,959</u>	<u>1,947</u>
8.3 Others:			
-Considered good		2,764	1,146
-Considered doubtful		<u>1,559</u>	<u>1,559</u>
		4,323	2,705
Less: Allowance for impairment	8.4	<u>(1,559)</u>	<u>(1,559)</u>
		<u>2,764</u>	<u>1,146</u>
8.4 Allowance for impairment - considered doubtful			
-From TREC holders/ex - members	8.1	16,557	16,131
-From related parties:		-	266
-From others	8.3	1,559	1,559
	8.4.1	<u>18,116</u>	<u>17,956</u>
8.4.1 Movement for the period/year			
Opening balance		17,956	16,867
Provision for the period/year		3,228	7,732
Reversal during the period		<u>(3,068)</u>	<u>(6,643)</u>
Closing balance		<u>18,116</u>	<u>17,956</u>

Note 9

Advances and Prepayments

	March 31, 2022	June 30, 2021
	Un-audited	Audited
	Rupees in thousand	
Advances to employees - secured and considered good	264	400
Prepaid expenses	5,028	1,411
Due from others	-	660
	<u>5,292</u>	<u>2,471</u>

Note 10

Short Term Investments

Note 10

Short Term Investments		March 31, 2022	June 30, 2021
	Note	Un-audited	Audited
		Rupees in thousand	
Held-to-maturity			
Investment in Margin Trading System of NCCPL	10.1	440,988	462,518
Government treasury bills	10.2	25,158	25,532
Held-for-trading			
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)	10.3	19,086	19,086
Equity shares of Institute of Financial Market of Pakistan	10.4	-	-
Shares of unlisted company	10.5	918	-
		<u>486,150</u>	<u>507,136</u>

10.1 These carry mark-up up to KIBOR + 8.50% p.a. (2021: KIBOR + 8.50%).

10.2 This represents investment in treasury bills of three months carrying mark-up @ 10.70% p.a. (June 30, 2021: 7.6% to 7.4% p.a.). A T-bill of Rs. 26.5 million has been lien marked against Bank Guarantee issued in favour of NCCPL as margin exposure for Margin Trading System. The said bank guarantee has been issued by MCB Bank Limited.

10.3 The Company holds 2,272,727 (June 30, 2021: 2,272,727) 7.25% equity shares of Pakistan Mercantile Exchange Limited. The fair value is used as used by other entities having shares of PMEX for valuation purposes, based on valuation techniques of level 3. The fair value as on March 31, 2022 is approximate of fair value as on June 30, 2021.

10.4 The Company also holds 200 equity shares of Institute of Financial Market of Pakistan. The fair value of these shares is nil at the terminal date (2021: nil).

10.5 The Company holds 656 shares of unlisted company Reckitt Benckiser Pakistan Limited and 176 share of RB Hygiene Home Pakistan Limited, whose market value is determined on the basis of latest financials.

Note 11

Building Reserve Fund

This reserve was created with the allocation of Rs 0.50 million to meet capital expenditures on the buildings of the Company in the foreseeable future. Further, it was decided that 2% of the rental income shall be allocated to this fund on annual basis.

However, the new management of the Company has decided to rename this fund as "asset replacement fund", which will be proportionately contributed by all the tenants, including LSE FSL and all other leaseholders, of LSE Plaza @ PKR 4/- per sft on monthly basis. This fund will be restricted only for the replacement of fixed assets, such as lifts and other long term used electrical and mechanical equipment of the LSE Plaza.

Note 12

Trade And Other Payables

		March 31, 2022	June 30, 2021
	Note	Un-audited	Audited
		Rupees in thousand	
Trade creditors		10,351	11,249
Accrued liabilities		12,935	13,314
Accrued mark-up		83	54
Due to members		2,158	2,158
Advance rent received from tenants		18,572	12,985
Defaulted members' membership sale proceeds	12.1	44,131	44,131
Advances received from members and companies		4,768	5,650
Retention money		2,098	2,098
Punjab Workers' Welfare Fund payable		12,282	8,007
PRA sales tax payable		-	-
		<u>107,378</u>	<u>99,646</u>

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

Note 13

Contingencies And Commitments

Contingencies

There are no significant changes in the status of contingencies as reported in the audited annual financial statements of the Company for the year ended June 30, 2021.

Commitments

Commitments for capital expenditure outstanding as at the reporting date were Rs. 0.742 million (June 30, 2021: Rs. nil).

Note 14

Revenue

	Nine month Ended March 31,		Quarter Ended March 31,	
	2022	2021	2022	2021
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
Revenue from Margin Trading System of NCCPL	36,752	29,563	13,389	11,549
Revenue from contracts with customers - net				
- Room maintenance services	16,626	16,294	5,708	5,430
- Fund and operational management fee	14,359	13,743	4,943	4,660
- Software services	2,498	2,421	835	702
	33,483	32,458	11,486	10,792
Rental income from investment properties	37,031	34,849	13,689	11,475
Total revenue	107,266	96,870	38,564	33,816

14.1 Software services

The new management of the company has decided to charge the universal usage fee of PKR 10,000/- per month per user with effect from April 1, 2022.

Note 15

Taxation

	Nine month Ended March 31,		Quarter Ended March 31,	
	2022	2021	2022	2021
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
Current	26,910	26,962	4,635	8,150
Deferred	11,087	6,557	3,696	2,726
	37,997	33,519	8,331	10,876

Note 16

Earnings Per Share

	Note	Nine month Ended March 31,		Quarter Ended March 31,	
		2022	2021	2022	2021
		----- (Un-audited) -----		----- (Un-audited) -----	
Basic earnings per share					
Profit after tax		141,508,000	156,035,000	36,232,000	51,856,000
Weighted average number of shares outstanding during the period		128,284,200	128,284,200	128,284,200	128,284,200
Earnings per share (Rupees) - Basic and diluted	16.1	1.10	1.22	0.28	0.40

16.1 The Company does not have any convertible instruments in issue as at March 31, 2022 and June 30, 2021.

Note 17

Transactions with Related Parties

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

Name of related parties	Relationship percentage shareholding	Transactions during the period	Nine month Ended March 31,	
			2022	2021
			----- (Un-audited) -----	
			Rupees in thousand	
Transactions during the period				
National Clearing Company of Pakistan Limited	23.53%	Annual fee paid	250	250
		Provision of facilities - billings	1,635	1,534
		Reimbursement of facilities - recei	1,630	1,554
		Dividend received	101,329	35,121
Central Depository Company of Pakistan Limited	10%	Provision of facilities - billings	3,192	2,896
		Reimbursement of facilities - recei	3,192	2,920
		Dividend received	45,758	18,853
Pakistan Credit Rating Agency Limited	36%	Dividend received	13,415	18,781
Chief Executive Officer	Key management personnel	Managerial remuneration	2,250	2,244
		Company's contribution to the provident fund trust	225	204
		Housing and utilities allowances	2,020	1,224
		Others	187	708
Directors	Non-Executive	Utilities	1,138	952
		Dividend paid to directors	1.82	1
		Dividend paid to directors' company	4,734	2,363
		Meeting fees paid	3,710	6,400
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Trust	Contribution for the period	1,249	1,036
MCF Trust Fund	Associate	Fund and operational management fee	1,672	1,855
IPF Trust Fund	Associate	Fund and operational management fee	4,923	5,458
TCF Trust Fund	Associate	Fund and operational management fee	7,764	8,638
Balance outstanding			March 31,	June 30,
			2022	2021
Due from related parties:				
MCF Trust Fund			224	232
IPF Trust Fund			693	683
TCF Trust Fund			1,042	1,032

Note 18

Corresponding Figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2021 and the corresponding figures in the condensed interim statement of profit or loss, condensed interim statement comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the period ended March 31, 2021.

Note 19

Financial Risk Management

19.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, profit rate risk and price risk), credit risk and liquidity risk. The Company's financial risk management policies and objectives are consistent with those disclosed in preceding audited financial statements for the year ended June 30, 2021.

Note 17, Financial Risk Management And Financial Instruments- Cont ...

19.2 Fair value estimation

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e derived from prices) level 2
- Inputs for the assets and liabilities that are not based on observable market data (i.e unobservable inputs) (level 3)

The following table represents the company's assets and liabilities that are measured at fair value as at March 31, 2022 (un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees in Thousands			
Assets				
Short term investments and deposits	486,150	-	-	486,150
Investment Property	442,546	-	-	442,546
	<u>928,696</u>	<u>-</u>	<u>-</u>	<u>928,696</u>

The following table represents the company's assets and liabilities that are measured at fair value as at June 30, 2021: (Audited).

	Level 1	Level 2	Level 3	Total
	Rupees in Thousands			
Assets				
Short term investments and deposits	507,136	-	-	507,136
Investment Property	378,431	-	-	378,431
	<u>885,567</u>	<u>-</u>	<u>-</u>	<u>885,567</u>

During the period ended March 31, 2022, there were no significant changes in the business or economic circumstances that affect the fair value of company's financial assets and financial liabilities. Furthermore there were no reclassification of financial assets and there were no changes in valuation techniques during this period.

Note 20

Authorization of Financial Statements

These condensed interim financial statements are provisional basis and management is authorized to sign these financials.

Note 21

General

21.1 In compliance with Rule 7(2)(j) of the NBFC Rules, 2003, which bars the Company to hold, deal or trade in real estate, the Company is in process of forming a wholly-owned subsidiary Company under the name of "LSE PropTech Limited" or New Co, so that the land and the investment property appearing in the Company's balance sheet can be transferred to the New Co against the issuance of 100% shares against the value of both the assets.

21.2 The Board of Directors of the Company, in its meeting held on 25 March 2022, has decided to increase the paid up capital of the Company by way of issuance of 40% right shares of Company at par value i.e 40 shares against every 100 shares held by each member of the Company. The book closure period started from April 01 to April 08, 2022. The last date of right subscription is May 11, 2022.

21.3 The figures in these condensed interim financial statements have been rounded off to the nearest thousand Rupee unless otherwise stated.



Chief Executive Officer



Chief Financial Officer