

**LSE FINANCIAL SERVICES  
LIMITED**

**FOR THE PERIOD ENDED DECEMBER 31, 2021**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of LSE Financial Services Limited ("the Company") as at December 31, 2021, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2021.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

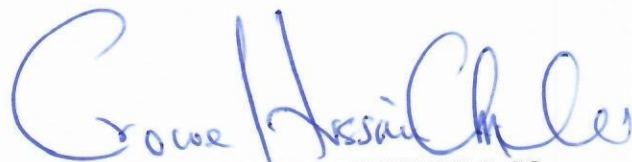
The financial statements of the Company for the half year ended December 31, 2020 and for the year ended June 30, 2021 were reviewed and audited by another auditor who expressed an unmodified conclusion and opinion thereon on February 25, 2021 and October 6, 2021, respectively.

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

LAHORE

Dated:

UDIN: RR202110051z9dYjkwbM



CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

24 FEB 2022



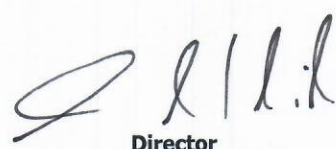
**LSE FINANCIAL SERVICES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021 (UN-AUDITED)**

	Note	December 31, 2021 Un-audited	June 30, 2021 Audited
(Rupees in thousand)			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	5	1,256,549	1,266,706
Investment property		378,431	378,431
Investments accounted for using the equity method	6	1,126,381	1,115,605
Net investment in finance lease		4,280	4,281
Long term deposits		1,474	1,474
		2,767,115	2,766,497
<b>Current Assets</b>			
Stores and spares		1,440	1,765
Trade and other receivables	7	9,666	9,473
Advances and prepayments	8	3,918	2,471
Short term investments	9	487,885	507,136
Tax refunds due from Government - net		42,419	39,770
Cash and bank balances		91,720	79,824
		637,048	640,439
		<u>3,404,163</u>	<u>3,406,936</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
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>
<b>Share capital</b>			
Issued, subscribed and paid-up share capital		1,282,842	1,282,842
<b>Capital reserves</b>			
Revaluation surplus on property and equipment		775,406	776,227
<b>Revenue reserves</b>			
Building reserve fund	10	1,892	1,425
Un-appropriated profits		1,050,833	1,060,658
		1,052,725	1,062,083
<b>Total equity</b>		<u>3,110,973</u>	<u>3,121,152</u>
<b>Non-Current Liabilities</b>			
Long term financing		6,830	6,157
Deferred tax		135,087	127,697
		141,917	133,854
<b>Current Liabilities</b>			
Trade and other payables		100,424	99,646
Current portion of long term finance		1,924	1,539
Unpaid dividend		28,676	26,460
Unclaimed dividend		6,116	7,917
		137,140	135,562
Liabilities related to discontinued operations		14,133	16,368
<b>CONTINGENCIES AND COMMITMENTS</b>	11	<u>3,404,163</u>	<u>3,406,936</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

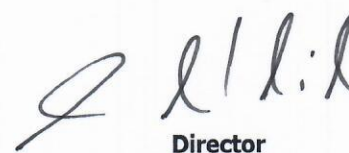
**LSE FINANCIAL SERVICES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**(UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

	Notes	Half Year Ended December 31,		Quarter Ended December 31,	
		2021	2020	2021	2020
		----- <b>(Un-audited)</b> ----- Rupees in thousand		----- <b>(Un-audited)</b> ----- Rupees in thousand	
<b>Revenue</b>	12	68,702	63,054	34,645	30,463
<b>Other Income</b>		7,574	15,397	3,556	9,783
<b>Operating Expenses</b>					
Administrative and general expenses		<u>(58,618)</u>	<u>(55,029)</u>	<u>(31,871)</u>	<u>(31,521)</u>
<b>Operating Profit</b>		17,658	23,422	6,330	8,725
Finance cost		(225)	(51)	(130)	(29)
Share of profit of associates accounted for using the equity method - net of tax		<u>113,174</u>	<u>103,409</u>	<u>52,252</u>	<u>54,036</u>
<b>Profit before Taxation</b>		130,607	126,780	58,452	62,732
Taxation	13	(25,331)	(22,643)	(13,516)	(11,194)
<b>Profit after Taxation</b>		<u>105,276</u>	<u>104,137</u>	<u>44,936</u>	<u>51,538</u>
<b>Earnings Per Share (basic and diluted)</b>	14	<u>0.82</u>	<u>0.81</u>	<u>0.35</u>	<u>0.40</u>

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## LSE FINANCIAL SERVICES LIMITED

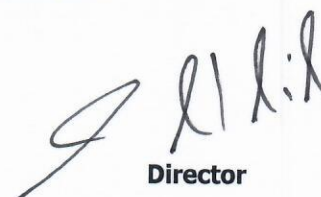
### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
<b>Profit for the Period</b>	105,276	104,137	44,936	51,538
<b>Other comprehensive income</b>				
<b>Items that may be classified to profit and loss account</b>	-	-	-	-
<b>Items that may not be classified to profit and loss account</b>				
Unrealized loss on investments classified as available for sale		-		1,551
Impact of deferred tax		-		(450)
	-	-	-	1,101
<b>Total Comprehensive Income for the</b>	<u>105,276</u>	<u>104,137</u>	<u>44,936</u>	<u>53,740</u>

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Chief Financial Officer

  
Director



## LSE FINANCIAL SERVICES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Share Capital	Revaluation Surplus	Capital Reserve	Revenue Reserve	Un-appropriated profit	Total
			Rupees in thousand			
<b>Balance as at June 30, 2020 (Audited)</b>	1,282,842	786,403	4,964	-	906,244	2,980,453
Profit for the period	-	-	-	-	104,137	104,137
Other comprehensive income	-	-	(4,964)	-	-	(4,964)
Total comprehensive income for the period	-	-	(4,964)	-	104,137	99,173
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(263)	-	-	263	-
Transfer from retained earning to building reserve fund	-	-	-	500	(500)	-
Cash dividend paid (Rs. 0.70 per share) for the year ended June 30, 2020	-	-	-	-	(89,799)	(89,799)
<b>Balance as at December 31, 2020 (Un-audited)</b>	<u>1,282,842</u>	<u>786,140</u>	<u>-</u>	<u>500</u>	<u>920,345</u>	<u>2,989,827</u>
<b>Balance as at June 30, 2021 (Audited)</b>	1,282,842	776,228	-	1,425	1,060,658	3,121,153
Profit for the period	-	-	-	-	105,276	105,276
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	105,276	105,276
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)
<b>Balance as at December 31, 2021 (Un-audited)</b>	<u>1,282,842</u>	<u>775,406</u>	<u>-</u>	<u>1,892</u>	<u>1,050,833</u>	<u>3,110,973</u>

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## LSE FINANCIAL SERVICES LIMITED

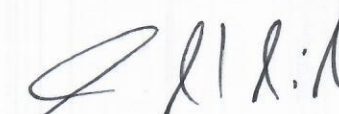
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half Year Ended December 31,	
	2021	2020
	----- (Un-audited) ----- Rupees in thousand	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	130,607	126,780
<b>Adjustments for:</b>		
- Depreciation	11,080	10,872
- Share of profit of associates	(113,174)	(103,409)
- Return on investments	(27,000)	(28,827)
- Finance income on net investment in finance lease	(172)	171
- Lease rentals	(23,342)	(23,374)
- Gain on disposal of property, plant and equipment	(157)	(84)
- Employees' welfare fund	62	148
- Provision against earned leaves	370	362
- Impairment loss on trade and other receivables - net	680	-
- Finance cost	225	51
	(151,428)	(144,090)
<b>Operating loss before working capital changes</b>	(20,821)	(17,310)
(Increase) / decrease in current assets:		
- Stores and spares	325	510
- Trade and other receivables	(535)	5,777
- Advances and prepayments	(1,447)	(4,435)
Increase / (decrease) in current liabilities:		
- Advance rent received from tenants	25,580	23,374
- Deposits payable related to discontinued operations	(2,235)	-
- Trade and other payables	(1,381)	522
<b>Net Cash Generated from Changes in Working Capital</b>	20,307	25,748
<b>Cash (Used in) / Generated from Operations</b>	(514)	8,438
Employees' welfare fund paid	(62)	(148)
Earned leaves paid	(455)	(257)
Finance cost paid	(219)	(51)
Income tax paid	(20,588)	(15,893)
Bonus paid	-	(684)
<b>Net Cash Used in Operating Activities</b>	(21,838)	(8,595)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets under own use	(924)	(2,510)
Proceed from disposal of property, plant and equipment	158	128
Net investment in finance lease - rentals	172	348
Investments matured during the period-net	19,251	25,978
Profit received on saving bank accounts	26,662	24,354
Dividend received	102,398	37,634
<b>Net Cash Generated from Investing Activities</b>	147,717	85,932
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(115,041)	(86,814)
Long term financing repaid	(866)	-
Long term financing obtained	1,924	-
<b>Net Cash Used in Financing Activities</b>	(113,983)	(86,814)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	11,896	(9,477)
Cash and cash equivalents at the beginning of the period	79,824	69,732
<b>Cash and Cash Equivalents at the End of the Period</b>	91,720	60,255

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



## LSE FINANCIAL SERVICES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

Note 1

#### **Corporate and General Information**

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##### **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**

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##### **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 judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, 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.

## Note 5

**Property and Equipment**

	Note	December 31, 2021 Un-audited	June 30, 2021 Audited
Rupees in thousand			
Operating fixed assets	5.1	1,255,705	1,265,905
Capital work-in-progress	5.2	844	801
		<u>1,256,549</u>	<u>1,266,706</u>
<b>5.1 Operating fixed assets</b>			
Opening written down value		1,265,905	1,242,848
Additions during the period / year		884	45,926
Disposals during the period / year		(1)	(63)
		<u>1,266,788</u>	<u>1,288,711</u>
Depreciation charge for the period / year		(11,083)	(22,806)
		<u>1,255,705</u>	<u>1,265,905</u>
<b>5.2 Capital work in progress</b>			
Opening balance		801	25,651
Additions during the period / year		43	19,210
		844	44,861
Transferred to property and equipment		-	(44,060)
		<u>844</u>	<u>801</u>

## Note 6

## Investments Accounted For Using Equity Method

	December 31, 2021	June 30, 2021
	Un-audited	Audited
	Rupees in thousand	
<b>Investments in associated companies:</b>		
The Pakistan Credit Rating Agency Limited (PACRA)	50,040	51,323
Central Depository Company of Pakistan Limited (CDC)	566,882	546,217
National Clearing Company of Pakistan Limited (NCCPL)	509,459	518,065
	<u>1,126,381</u>	<u>1,115,605</u>

## 6.1 Reconciliation of changes in carrying value of investment in associates

December 31, 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	51,323	546,217	518,065	1,115,605
Share of profit for the period	12,132	43,915	57,127	113,174
Dividend received during the period	(13,415)	(23,250)	(65,733)	(102,398)
Closing balance	<u>50,040</u>	<u>566,882</u>	<u>509,459</u>	<u>1,126,381</u>
Number of shares	<u>2,683,044</u>	<u>30,000,000</u>	<u>23,730,462</u>	
Shareholding in %age	<u>36%</u>	<u>10%</u>	<u>23.53%</u>	
Net Assets as at Dec 31, 2021 (un-audited) - (Rupees in '000')	<u>139,000</u>	<u>5,668,820</u>	<u>2,165,147</u>	
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	<u>51,323</u>	<u>546,217</u>	<u>518,065</u>	<u>1,115,605</u>
Number of shares	<u>2,683,044</u>	<u>25,000,000</u>	<u>23,730,462</u>	
Shareholding in %age	<u>36%</u>	<u>10%</u>	<u>23.53%</u>	
Net Assets as at June 30, 2021 (Audited) - (Rupees in '000')	<u>142,564</u>	<u>5,462,170</u>	<u>2,201,721</u>	

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

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

6.4 The value of investments in the associates is based on the share of the company in net assets of the investee companies as reflected by the unaudited / unreviewed condensed interim financial statements of the investee companies as at December 31, 2021 (June 30, 2021: audited).



Note 7

**Trade and Other Receivables - Considered Good**

		<b>December 31, 2021</b>	<b>June 30, 2021</b>
	Note	<b>Un-audited</b>	<b>Audited</b>
		Rupees in thousand	
Trade receivables - unsecured	7.1	1,856	3,606
Other receivables			
- From related parties - secured	7.2	1,875	1,947
- Accrued mark-up		3,112	2,774
- Others	7.3	2,823	1,146
		<u>9,666</u>	<u>9,472</u>
<b>7.1 Trade receivables from ex - members</b>			
Considered good		1,856	3,606
Considered doubtful		16,622	16,131
		18,478	19,737
Less: Allowance for impairment		(16,622)	(16,131)
		<u>1,856</u>	<u>3,606</u>
<b>7.2 Other receivables from related parties:</b>			
MCF Trust Fund		215	232
IPF Trust Fund		633	683
TCF Trust Fund		1,027	1,032
National Clearing Company of Pakistan Limited		-	144
Less: Allowance for impairment	7.4	-	(144)
		-	-
Central Depository Company of Pakistan Limited		-	122
Less: Allowance for impairment	7.4	-	(122)
		-	-
		<u>1,875</u>	<u>1,947</u>
<b>7.3 Others:</b>			
-Considered good		2,823	1,146
-Considered doubtful		1,559	1,559
		4,382	2,705
Less: Allowance for impairment	7.4	(1,559)	(1,559)
		<u>2,823</u>	<u>1,146</u>
<b>7.4 Allowance for impairment - considered doubtful</b>			
-From TREC holders/ex - members	7.1	16,622	16,131
-From related parties:		-	266
-From others	7.3	1,559	1,559
	7.4.1	<u>18,181</u>	<u>17,956</u>
<b>7.4.1 Movement for the period/year</b>			
Opening balance		17,956	16,867
Provision for the period/year		3,228	7,732
Reversal during the period		(3,003)	(6,643)
Closing balance		<u>18,181</u>	<u>17,956</u>

## Note 8

**Advances and Prepayments**

	<b>December 31, 2021</b>	<b>June 30, 2021</b>
	<b>Un-audited</b>	<b>Audited</b>
	Rupees in thousand	
Advances to employees - secured and considered good	409	400
Prepaid expenses	3,509	1,411
Due from others	-	660
	<u>3,918</u>	<u>2,471</u>

## Note 9

**Short Term Investments**

		<b>December 31, 2021</b>	<b>June 30, 2021</b>
	Note	<b>Un-audited</b>	<b>Audited</b>
		Rupees in thousand	
<b>Held-to-maturity</b>			
Investment in Margin Trading System of NCCPL	9.1	442,847	462,518
Government treasury bills	9.2	25,952	25,532
<b>Held-for-trading</b>			
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)	9.3	19,086	19,086
Equity shares of Institute of Financial Market of Pakistan	9.4	-	-
Shares of unlisted company	9.5	-	-
		<u>487,885</u>	<u>507,136</u>

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

**9.2** 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. 25 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.

**9.3** 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 December 31, 2021 is approximate of fair value as on June 30, 2021.

**9.4** 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).

**9.5** The Company holds 656 shares of unlisted company Reckitt Benckiser Pakistan Limited and 176 share of RB Hyginene Home Pakistan Limited, whose market value can not be determined (2021: same).

## Note 10

**Building Reserve Fund**

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

	<b>December 31, 2021</b>	<b>June 30, 2021</b>
	<b>Un-audited</b>	<b>Audited</b>
	Rupees in thousand	
Opening balance	1,425	500
Additions during the period / year	467	925
Closing balance	<u>1,892</u>	<u>1,425</u>



## Note 11

**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 12

**Revenue**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
Revenue from Margin Trading System of NCCPL	23,363	18,014	12,149	8,437
<b>Revenue from contracts with customers - net</b>				
- Room maintenance services	10,918	10,864	5,479	5,408
- Fund and operational management fee	9,416	9,083	4,763	4,590
- Software services	1,663	1,719	804	738
	21,997	21,666	11,046	10,736
Rental income from investment properties	23,342	23,374	11,450	11,290
<b>Total revenue</b>	<b>68,702</b>	<b>63,054</b>	<b>34,645</b>	<b>30,463</b>

## Note 13

**Taxation**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	----- (Un-audited) -----		----- (Un-audited) -----	
	Rupees in thousand		Rupees in thousand	
Current	22,275	18,812	18,340	12,526
Prior	(4,335)	-	(4,335)	-
Deferred	7,391	3,831	(488)	(1,332)
	<b>25,331</b>	<b>22,643</b>	<b>13,517</b>	<b>11,194</b>

## Note 14

**Earnings Per Share**

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2021	2020	2021	2020
		----- (Un-audited) -----		----- (Un-audited) -----	
<b>Basic earnings per share</b>					
Profit after tax		105,276,000	104,137,000	44,936,000	51,538,000
Weighted average number of shares outstanding during the period		<u>128,284,200</u>	<u>128,284,200</u>	<u>128,284,200</u>	<u>128,284,200</u>
Earnings per share (Rupees) - Basic and diluted	14.1	<u>0.82</u>	<u>0.81</u>	<u>0.35</u>	<u>0.40</u>

**14.1** The Company does not have any convertible instruments in issue as at December 31, 2021 and June 30, 2021.

## Note 15

**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	Half Year Ended December 31,	
			2021	2020
			----- <b>(Un-audited)</b> -----	
			Rupees in thousand	
<b>Transactions during the period</b>				
National Clearing Company of Pakistan Limited	23.53%	Annual fee paid	250	250
		Provision of facilities - billings	1,103	1,111
		Reimbursement of facilities - receipt	1,259	1,271
		Dividend received	65,733	-
Central Depository Company of Pakistan Limited	10%	Provision of facilities - billings	2,253	2,072
		Reimbursement of facilities - receipt	1,988	2,107
		Dividend received	23,250	18,853
Pakistan Credit Rating Agency Limited	36%	Dividend received	13,415	18,781
Chief Executive Officer		Managerial remuneration	1,500	1,624
	Key management personnel	Company's contribution to the provident fund trust	150	148
		Housing and utilities allowances	750	738
		Others	415	477
Directors	Non-Executive	Utilities on account of business offices	869	723
		Dividend paid to directors	1	1
		Dividend paid to directors' company	2,363	2,363
		Meeting fees paid	2,880	4,000
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Trust	Contribution for the period	773	702
MCF Trust Fund	Associate	Fund and operational management fee	1,095	1,058
		Fund and operational management fee received	1,112	-
IPF Trust Fund	Associate	Fund and operational management fee	3,224	3,111
		Fund and operational management fee received	3,274	-
TCF Trust Fund	Associate	Fund and operational management fee	5,096	4,913
		Fund and operational management fee received	5,101	-
<b>Balance outstanding as at December 31,</b>				
Due from related parties:				
		MCF Trust Fund	215	232
		IPF Trust Fund	633	683
		TCF Trust Fund	1,027	1,032

## Note 16

**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 half year ended December 31, 2020.

## Note 17

**Financial Risk Management****17.1 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 ...

**17.2 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 December 31, 2021 (un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees in Thousands			
<b>Assets</b>				
Short term investments and deposits	487,885	-	-	487,885
Investment Property	378,431	-	-	378,431
	<u>866,316</u>	<u>-</u>	<u>-</u>	<u>866,316</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			
<b>Assets</b>				
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 half year ended December 31, 2021, 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 18

**Authorization of Financial Statements**

These condensed interim financial statements was approved by the Board of Directors of the Company to issue on **23 FEB 2022**

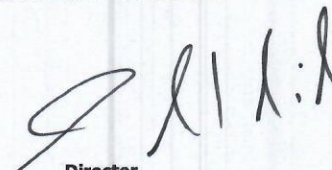
Note 19

**General**

- 19.1** The figures in these condensed interim financial statements have been rounded off to the nearest thousand Rupee unless otherwise stated.
- 19.2** The Board of Directors of the Company has approved an interim cash dividend for the period ended December 31, 2021 of Rs. 0.75 paisa (December 31, 2020:Rs. Nil) per share amounting to Rs. 96.21 million (December 31, 2020:Rs. Nil). These Condensed interim financial statements do not include the effect of the above event which will be accounted for in the period in which it is declared.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director