



LSE Financial Services Ltd.

Directors' Review Report

Dear Shareholders,

The Board of Directors is pleased to present its report along with the Half-yearly/2nd Quarter (Reviewed) Accounts of your Company for the period ended December 31, 2020:-

Financial Highlights	Dec-2020 Rs. in '000'	Dec-2019 Rs. in '000'
Revenue	78,451	93,197
Share of profit of Associates-net of tax	103,409	69,894
Total Revenue	181,860	163,091
Expenditures	(55,029)	(52,549)
Finance Cost	(51)	(23)
Profit before Taxation	126,780	110,519
Taxation	(22,643)	(18,816)
Net Profit for the period	104,137	91,703
Earnings Per Share (EPS)	Rs. 0.81	Rs. 0.71

PERFORMANCE REVIEW

During the half year ended on December 31, 2020, LSEFSL earned total revenue of Rs. 181.860 million, including share of profit from the associated companies, as compared to Rs. 163.091 million last year's comparative period, i.e., an increase of 18.769 million or 11.51 % - mainly due to share of profit of the associates. The revenue was generated from rent, income from MTS, share of profits from the associated companies and other income. The administrative expenses were Rs. 55.029 million, i.e., up by Rs. 2.480 million or 4.72% from last year's comparative period. Expenses increased mainly due to the impact of provision against Punjab Workers' Welfare Fund of Rs. 4.850 million. The Company earned a profit before taxation of Rs. 126.780 million for the period under review, which has been increased by Rs. 16.261 million or 14.71 % from last year's comparative period. Furthermore, profit after tax is Rs. 104.137 million which has been increased by Rs. 12.434 million or 13.56 % from last year's comparative period. The tax expense has been accounted for on the basis of weighted average annual tax rate expected for the full financial year.

Earnings per Share (EPS) - (Basic & Diluted) for the half year ended December 31, 2020 was recorded as Rs. 0.81 per share against Rs. 0.71 per share of last year's comparative period, up by Rs. 0.10 or 14.08 %.

During the period under review, the Management launched extensive marketing campaigns of its newly in house developed credit product, i.e., financing against shares of listed companies. However, this product could not attain the attraction of investors due to various factors, such as increase in market size of MTS market and margin financing. The Company is also exploring other credit products for its business.



LSE Financial Services Ltd.

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

The Directors of the Company have adequately ensured that the system of internal financial controls is sound in design and has been effectively implemented and monitored through outsourced Internal Auditors.

The Company has initiated the works for installation of Solar Power Project of 100 KW at LSE Plaza and for this purpose the Board has decided to obtain concessionary financing from a bank, as per SBP's Scheme to support Renewable Energy Power Projects,

As per requirement of section 244(6) of the Companies Act, 2017, the amount of profit generated from the 'unpaid dividend account' shall be used by the Company for its Corporate Social Responsibility initiatives and specified purposes.

The Management of the Company has reviewed all those risks that could affect the Company's performance and its future prospects. The Management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Management of the Company has been regularly conducting in depth analysis and has assessed that there is no material impact of COVID-19 on the carrying amounts of assets and liabilities as at December 31, 2020. Furthermore, the Management is taking all the required actions and will continue to monitor the potential impact and shall take all steps possible to mitigate any effect.

For and on behalf of the Governing Board of Directors of LSEFSL,

CEO/MD

Director

LSE Financial Services Limited

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

TO THE MEMBERS OF LSE FINANCIAL SERVICES LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **LSE Financial Services Limited (“the Company”)** as at December 31, 2020, 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.

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

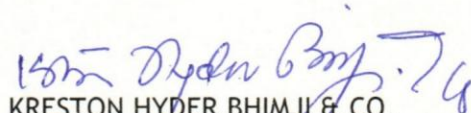
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors’ report is Shabir Ahmad, FCA.

Lahore: February 25, 2021


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 (UN-AUDITED)

	Note	December 31, 2020 <u>Un-Audited</u>	June 30, 2020 <u>Audited</u>
.....(Rupees in '000s).....			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,260,093	1,268,499
Investment property		378,431	378,431
Investments accounted for using the equity method	7	1,026,943	996,289
Net investment in finance lease		4,105	4,282
Financial assets	8	-	52,300
Long term deposits		1,762	1,762
		2,671,334	2,701,563
CURRENT ASSETS			
Inventory		1,268	1,778
Trade and other receivables	9	50,876	22,417
Advances and prepayments	10	7,380	2,945
Financial assets	8	439,556	414,867
Tax refunds due from Government - net		32,989	35,908
Cash and bank balances		60,255	69,732
		592,324	547,647
		3,263,658	3,249,210
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2020: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Share capital			
Issued, subscribed and paid-up share capital		1,282,842	1,282,842
Capital reserves			
Revaluation surplus on property, plant and equipment		786,140	786,403
Unrealized fair value gain on available for sale investments		-	4,964
		786,140	791,367
Revenue reserves			
Building reserve fund	11	500	-
Retained earnings		920,346	906,245
		920,846	906,245
Total equity		2,989,828	2,980,454
NON-CURRENT LIABILITIES			
Deferred tax		123,563	121,760
CURRENT LIABILITIES			
Trade and other payables	12	114,074	113,788
Unpaid dividend		30,530	26,476
Unclaimed dividend		5,663	6,732
		150,267	146,996
CONTINGENCIES AND COMMITMENTS			
	13	3,263,658	3,249,210

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Lahore: Chief Executive Officer



Chief Financial Officer



Director

15/12/20

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Notes	For the half year ended		For the Quarter Ended	
		December 31, 2020 (Rupees in '000s)	December 31, 2019	December 31, 2020 (Rupees in '000s)	December 31, 2019
REVENUE	14	63,054	71,305	30,463	36,170
OTHER INCOME		15,397	21,892	9,783	15,795
OPERATING EXPENSES					
Administrative and general expenses		(55,029)	(52,549)	(31,521)	(25,870)
OPERATING PROFIT		23,422	40,648	8,725	26,095
Finance cost		(51)	(23)	(29)	(12)
Share of profit of associates accounted for using the equity method - net of tax		103,409	69,894	54,036	42,364
PROFIT BEFORE TAXATION		126,780	110,519	62,732	68,447
Taxation	15	(22,643)	(18,816)	(11,194)	(7,623)
PROFIT AFTER TAXATION		104,137	91,703	51,538	60,824
EARNINGS PER SHARE (basic and diluted)	16	0.81	0.71	0.40	0.47

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

Lahore:


Chief Executive Officer


Chief Financial Officer

13.03

Director

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	For the half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000s)		(Rupees in '000s)	
PROFIT FOR THE PERIOD	104,137	91,703	52,599	30,880
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Unrealized loss on investments classified as available for sale	-	-	(1,551)	-
Impact of deferred tax	-	-	450	-
	-	-	(1,101)	-
<i>Items that will never be reclassified to condensed interim statement of profit or loss:</i>				
Actuarial loss on employees' retirement benefits net of tax- associates	-	98	-	122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	104,137	91,801	51,498	31,002

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

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Laure: 
 Chief Executive Officer


 Chief Financial Officer


 Director

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		TOTAL EQUITY
	Issued, subscribed and paid up capital - ordinary shares	Revaluation surplus on property, plant and equipment	Unrealized fair value gain on available for sale investments - net of tax	Building reserve fund	Retained earnings	
(Rupees in '000s).....					
Balance as at June 30, 2019 (Audited)	1,282,842	779,597	-	-	846,813	2,909,252
Profit for the period	-	-	-	-	91,703	91,703
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	91,703	91,703
Transferred to retained earnings on account of incremental depreciation - net of tax	-	(263)	-	-	263	-
Cash dividend paid (Rs. 0.80 per share) for the year ended June 30, 2019	-	-	-	-	(102,627)	(102,627)
Balance as at December 31, 2019 (Un-Audited)	1,282,842	779,334	-	-	836,152	2,898,328
Profit for the period	-	-	-	-	68,374	68,374
Other comprehensive income - net of tax	-	8,505	4,964	-	283	13,752
Total comprehensive income for the period	-	8,505	4,964	-	68,657	82,126
Transfer to retained earnings on account of incremental depreciation - net of tax	-	(1,436)	-	-	1,436	-
Balance as at June 30, 2020 (Audited)	1,282,842	786,403	4,964	-	906,245	2,980,454
Profit for the period	-	-	-	-	104,137	104,137
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	104,137	104,137
Realized fair value gain on available for sale investments reclassified to condensed interim statement of profit or loss	-	-	(4,964)	-	-	(4,964)
Transfer from retained earnings to building reserve fund	-	-	-	500	(500)	-
Transfer to retained earnings on account of incremental depreciation - net of tax	-	(263)	-	-	263	-
Cash dividend paid (Rs. 0.70 per share) for the year ended June 30, 2020	-	-	-	-	(89,799)	(89,799)
Balance as at December 31, 2020 (Un-Audited)	1,282,842	786,140	-	500	920,346	2,989,828

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Lahore: Chief Executive Officer



Chief Financial Officer

15-732


Director

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half yearly ended	
		December 31, 2020	December 31, 2019
Cash flows from operating activities			
Profit before tax		126,780	110,519
Adjustments for non - cash and other items:			
Depreciation		10,872	11,478
Share of profit of associates accounted for using the equity method - net of tax		(103,409)	(69,894)
Profit on saving bank accounts and other financial assets		(28,827)	(39,134)
Finance income on net investment in finance lease		171	172
Employees' welfare fund		148	123
Provision against earned leaves		362	-
(Gain) / loss on disposal of operating fixed assets		(84)	4
Allowance for impairment against trade receivables		-	2,544
Finance cost		51	23
Loss before working capital changes		(120,716)	(94,684)
Movement in working capital	17	2,374	3,063
Net cash generated from operations		8,438	18,898
- Employees' welfare fund paid		(148)	(123)
Earned leaves paid		(257)	(226)
Bonus paid		(684)	-
Finance cost paid		(51)	(23)
Income tax paid		(15,893)	(15,750)
Net cash (used in) / generated from operating activities		(8,595)	2,776
Cash flows from investing activities			
Capital expenditure incurred		(2,510)	(7,429)
Proceed from disposal of operating fixed assets		128	25
Investments made during the year		(24,689)	(47,291)
Investments matured during the year		50,667	3,405
Net investment in finance lease - receipts of rentals		348	172
Profit received on saving bank accounts and other financial assets		24,354	37,519
Dividend received from associates		37,634	31,790
Net cash generated from investing activities		85,932	18,191
Cash flows from financing activities			
Dividend paid		(86,814)	(98,324)
Net cash used in financing activities		(86,814)	(98,324)
Net decrease in cash and cash equivalents		(9,477)	(77,357)
Cash and cash equivalents at the beginning of the period		69,732	106,814
Cash and cash equivalents at the end of the period		60,255	29,457

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.

Lahore:


Chief Executive Officer


Chief Financial Officer


Director

LSE FINANCIAL SERVICES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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

Prior to cessation of the stock exchange operations, the Company was engaged in listing, conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, 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 Discontinuing Operations

The Company entered into a Memorandum of Understanding (MoU) on August 25, 2015 with Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited with the objective to form an integrated stock exchange for development of capital market of Pakistan under the name of Pakistan Stock Exchange Limited (PSX). Pursuant to the MoU, the Board of Directors of the Company approved a scheme of integration on September 23, 2015. The scheme was approved by the members of the Company in extraordinary general meeting held on October 28, 2015 for submission to the Commission. As per the MoU and the proposed scheme of integration, only stock exchange operations were merged into 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 again reaffirm long term and short term credit ratings of the Company as "A" and "A-1" respectively with stable outlook on December 17, 2020 (previous: November 05, 2019).

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

2 BASIS OF PREPARATION

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; and 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, The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

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, 2020.

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, 2020.

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4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

4.1 Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2020

The amendments that were mandatory for the half year ended December 31, 2020 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

4.2 Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 01, 2021. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting process of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 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, 2020. 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.

		December 31, 2020 <u>Un-Audited</u>	June 30, 2020 <u>Audited</u>
		(Rupees in '000s)	
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 1,249,102	1,242,848
	Capital work-in-progress	6.2 10,991	25,651
		<u>1,260,093</u>	<u>1,268,499</u>

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6.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT						ACCUMULATED DEPRECIATION						Book Value as at 31-12-2020	
	Balance as at 01-07-2020	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Depreciation adjustment	Balance as at 31-12-2020	Rate	Balance as at 01-07-2020	For the period	Deletions	Depreciation adjustment		Balance as at 31-12-2020
Owned assets														
Land freehold	1,059,660	-	-	-	-	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	95,139	150	-	-	15,066	-	110,355	5%	4,757	2,617	-	-	7,374	102,981
Computer and accessories	50,982	249	(59)	-	-	-	51,172	30%	48,951	346	(25)	-	49,272	1,900
Furniture and fixture	13,867	-	-	-	-	-	13,867	10%	8,926	247	-	-	9,173	4,694
Office equipment	7,351	-	-	-	-	-	7,351	20%	6,793	56	-	-	6,849	502
Electric fittings and appliances	116,835	-	(94)	-	602	-	117,343	20%	61,721	5,572	(84)	-	67,209	50,134
Vehicles	3,345	-	-	-	-	-	3,345	20%	2,305	104	-	-	2,409	936
Elevator	19,969	-	-	-	-	-	19,969	20%	11,171	880	-	-	12,051	7,918
Generator	34,206	-	-	-	-	-	34,206	10%	15,725	924	-	-	16,649	17,557
Arms and security equipment	4,213	1,103	-	-	-	-	5,316	10%	2,373	126	-	-	2,499	2,817
Library books	318	-	-	-	-	-	318	25%	315	-	-	-	315	3
Leasehold improvements	5,697	-	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
December 31, 2020 - unaudited (Rupees in '000s)	1,411,582	1,502	(153)	-	15,668	-	1,428,599		168,734	10,872	(109)	-	179,497	1,249,102

	COST / REVALUED AMOUNT						ACCUMULATED DEPRECIATION						Book Value as at 30-06-2020	
	Balance as at 01-07-2019	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Depreciation adjustment	Balance as at 30-06-2020	Rate	Balance as at 01-07-2019	For the Year	Deletions	Depreciation adjustment		Balance as at 30-06-2020
Owned Assets														
Land freehold	1,059,660	-	-	-	-	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	95,139	-	-	-	-	-	95,139	5%	-	4,757	-	-	4,757	90,382
Computer and accessories	50,955	396	(369)	-	-	-	50,982	30%	48,450	815	(314)	-	48,951	2,031
Furniture and fixture	13,961	-	(94)	-	-	-	13,867	10%	8,435	552	(61)	-	8,926	4,941
Office equipment	7,399	65	(113)	-	-	-	7,351	20%	6,723	141	(71)	-	6,793	558
Electric fittings and appliances	109,156	7,437	(457)	-	699	-	116,835	20%	49,246	12,887	(412)	-	61,721	55,114
Vehicles	3,345	-	-	-	-	-	3,345	20%	2,045	260	-	-	2,305	1,040
Elevator	19,285	684	-	-	-	-	19,969	20%	9,082	2,089	-	-	11,171	8,798
Generator	33,960	246	-	-	-	-	34,206	10%	13,683	2,042	-	-	15,725	18,481
Arms and security equipment	3,581	632	-	-	-	-	4,213	10%	2,202	171	-	-	2,373	1,840
Library books	318	-	-	-	-	-	318	25%	314	1	-	-	315	3
Leasehold improvements	5,697	-	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
June 30, 2020 - audited (Rupees in '000s)	1,402,456	9,460	(1,033)	-	699	-	1,411,582		145,877	23,715	(858)	-	168,734	1,242,848

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6.2 - CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
	----- (Rupees in '000s) -----			
Civil work - building				
December 31, 2020 - unaudited	25,651	1,008	(15,668)	10,991
June 30, 2020 - audited	26,252	98	(699)	25,651

7 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Pakistan Credit Rating Agency Limited (PACRA)
 Central Depository Company of Pakistan Limited (CDC)
 National Clearing Company of Pakistan Limited (NCCPL)

Note	December 31, 2020 Un-Audited	June 30, 2020 Audited
	(Rupees in '000s)	
	74,563	83,202
	520,383	504,103
	431,997	408,984
	<u>1,026,943</u>	<u>996,289</u>

7.1 Reconciliation of changes in carrying value of investment in associates

	December 31, 2020			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	----- (Rupees in '000s) -----			
Opening balance	83,202	504,103	408,984	996,289
Share of profit for the period	10,142	35,133	58,134	103,409
Dividend received / receivable for the period	(18,781)	(18,853)	(35,121)	(72,755)
Closing balance	<u>74,563</u>	<u>520,383</u>	<u>431,997</u>	<u>1,026,943</u>
Shareholding in %age	36%	10%	23.53%	

	June 30, 2020			
	The Pakistan Credit Rating Agency Limited (PACRA)	Central Depository Company of Pakistan Limited (CDC)	National Clearing Company of Pakistan Limited (NCCPL)	Total
	----- (Rupees in '000s) -----			
Opening balance	73,610	458,085	351,263	882,958
Share of profit for the year	14,200	62,843	59,289	136,332
Share of other comprehensive income of associate	301	-	-	301
Actuarial loss on employees' gratuity fund	-	1,550	(1,568)	(18)
Revaluation surplus on property plant and equipment	8,505	-	-	8,505
Dividend received during the year	(13,415)	(18,375)	-	(31,790)
Closing balance	<u>83,202</u>	<u>504,103</u>	<u>408,984</u>	<u>996,289</u>
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:

	December 31, 2020 - Un-Audited		June 30, 2020 - Audited	
	Shares held	%age	Shares held	%age
The Pakistan Credit Rating Agency Limited (PACRA)	2,683,044	36%	2,683,044	36%
Central Depository Company of Pakistan Limited (CDC)	25,000,000	10%	20,000,000	10%
National Clearing Company of Pakistan Limited (NCCPL)	23,730,462	23.53%	23,730,462	23.53%

7.3 During the period CDC issued 5,000,000 (June 30, 2020: 5,000,000) number of ordinary shares as bonus shares.

7.4 The value of investments in the associates is based on unaudited/unreview condensed interim financial statements of the investee companies as at December 31, 2020 (June 30, 2020: audited).

13.02

	<u>Note</u>	December 31, 2020 <u>Un-Audited</u> (Rupees in '000s)	June 30, 2020 <u>Audited</u>
8 FINANCIAL ASSETS			
Non-current			
Pakistan Investment Bonds (PIBs) - available for sale		-	52,300
Current			
Held-to-maturity			
Investment in Margin Trading System of NCCPL - related party		394,546	370,027
Government treasury bills		26,078	25,908
Held-for-trading			
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)	8.1	18,932	18,932
Equity shares of Institute of Financial Market of Pakistan	8.2	-	-
		<u>439,556</u>	<u>414,867</u>
8.1	The Company holds 2,272,727 (June 30, 2020: 2,272,727) 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, 2020 is approximate of fair value as on June 30, 2020.		
8.2	The Company also holds 200 (June 30, 2020: 200) equity shares of Institute of Financial Market of Pakistan. The fair value of these shares is nil at the terminal date (June 30, 2020: nil).		
9 TRADE AND OTHER RECIEVABLES - considered good			
Trade receivables - unsecured	9.1	9,563	3,546
Other receivables			
<i>From related parties - unsecured</i>	9.2	37,181	2,137
<i>Accrued mark-up</i>		2,114	2,999
<i>Others</i>	9.3	2,018	13,735
		<u>50,876</u>	<u>22,417</u>
9.1	Trade receivables from ex - members		
	Considered good	9,563	3,546
	Considered doubtful	15,308	15,308
	Less: Impairment against doubtful receivables	(15,308)	(15,308)
		<u>9,563</u>	<u>3,546</u>
9.1.1	Movement for the period/year		
	Opening balance	15,308	10,309
	Provision for the period/year	-	4,999
	Closing balance	<u>15,308</u>	<u>15,308</u>
9.2	Other receivables from related parties:		
	MCF Trust Fund	202	215
	IPF Trust Fund	595	630
	TCF Trust Fund	969	992
	National Clearing Company of Pakistan Limited	35,265	144
	Central Depository Company of Pakistan Limited	150	156
		<u>37,181</u>	<u>2,137</u>
9.2.1	This includes dividend receivable from this related party amounting to Rs. 35.121 million (June 30, 2020: Rs. nil), which has been received subsequent to the reporting date.		
9.3	Others:		
	-Considered good	2,018	13,735
	-Considered doubtful	2,178	2,178
		<u>4,196</u>	<u>15,913</u>
	Less: Impairment against doubtful receivables	(2,178)	(2,178)
		<u>2,018</u>	<u>13,735</u>

15.03.20

	<u>Note</u>	December 31, 2020 <u>Un-Audited</u>	June 30, 2020 <u>Audited</u>
(Rupees in '000s)			
10 ADVANCES AND PREPAYMENTS			
<i>Considered good</i>			
Advances to employees - secured		300	485
Prepaid expenses		<u>7,080</u>	<u>2,460</u>
		<u><u>7,380</u></u>	<u><u>2,945</u></u>

11 BUILDING RESERVE FUND

This reserve is created with initial allocation of Rs 0.50 million (June 30, 2020: nil) 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.

12 TRADE AND OTHER PAYABLES

Trade creditors		17,721	15,875
Accrued liabilities		1,174	14,479
Due to members		2,158	2,158
Advance rent received from tenants		12,652	11,434
Defaulted members' membership sale proceeds	12.1	52,571	44,131
Advances received from members and companies		4,956	5,123
Retention money		1,694	2,982
Payables related to discontinued operations		16,298	16,828
Punjab Workers' Welfare Fund payable		4,850	-
PRA sales tax payable		-	778
		<u>114,074</u>	<u>113,788</u>

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

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, 2020.

Commitments

Commitments for capital expenditure outstanding as at the reporting date were Rs. 22.539 million (June 30, 2020: Rs. 7.389 million).

	For the half year ended		For the Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000s)		(Rupees in '000s)	
	<u>Un-Audited</u>	<u>Un-Audited</u>	<u>Un-Audited</u>	<u>Un-Audited</u>
14 REVENUE				
Revenue from Margin Trading System of NCCPL - a related party	18,014	27,350	8,437	13,831
Other revenues - net of PRA sales tax				
From contracts with customers				
<i>Room maintenance services</i>	10,864	8,643	5,408	3,241
<i>Fund management fee</i>	9,083	10,876	4,590	6,626
<i>Software services</i>	1,719	1,481	738	731
	<u>21,666</u>	<u>21,000</u>	<u>10,736</u>	<u>10,598</u>
Investment properties - rental income	23,374	22,955	11,290	11,741
Total revenue	<u><u>63,054</u></u>	<u><u>71,305</u></u>	<u><u>30,463</u></u>	<u><u>36,170</u></u>

15 TAXATION

Current	18,812	13,706	12,526	8,709
Deferred	3,831	5,110	(1,332)	(1,086)
	<u><u>22,643</u></u>	<u><u>18,816</u></u>	<u><u>11,194</u></u>	<u><u>7,623</u></u>

13.09

	For the half year ended		For the Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000s)		(Rupees in '000s)	
16 EARNINGS PER SHARE	55028.695	52548.809	55028.695	55028.695
Basic earnings per share				
Profit after tax (Rupees in 000's)	104,137	91,703	51,538	60,824
Weighted average number of shares outstanding during the period (No. of shares in 000's)	128,284	128,284	128,284	128,284
Earnings per share (Rupees)	0.81	0.71	0.40	0.47

Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2020 and June 30, 2020 which would have any effect on the earnings per share.

17 MOVEMENT IN WORKING CAPITAL

(Increase) / decrease in current assets:

Stores and spares

Trade and other receivables

Advances and prepayments

Increase / (decrease) in current liabilities:

Trade and other payables

	December 31, 2020	December 31, 2019
	Un-Audited	Un-Audited
(Rupees in '000s).....	
	510	(192)
	5,777	643
	(4,435)	(1,378)
	1,852	(927)
	522	3,990
	2,374	3,063

18 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 and percentage shareholding	Transactions during the period	December 31,	December 31,
			2020	2019
			(Rupees in '000s)	
Transactions with Associated Undertakings				
National Clearing Company of Pakistan Limited	23.53%	Annual fee	250	250
		Income from Margin Trading System	18,014	27,350
		Provision of facilities	1,111	1,028
		Dividend receivable	35,121	-
		Reimbursement of facilities	1,271	1,086
Central Depository Company of Pakistan Limited	10%	Provision of facilities	2,072	4,943
		Reimbursement of facilities	2,107	4,932
		Dividend received	18,853	18,375
Pakistan Credit Rating Agency Limited	36%	Dividend received	18,781	13,415
Transactions with key management personnel				
Chief Executive		Managerial remuneration	1,624	1,547
		Company's contribution to the provident fund trust	148	141
		Housing and utilities	738	703
		Others	477	258
Transactions with others				
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Trust	Contribution for the period	702	577
MCF Trust Fund	Associate	Fund management fee	1,058	1,165
IPF Trust Fund	Associate	Fund management fee	3,111	3,435
TCF Trust Fund	Associate	Fund management fee	4,913	5,436
Directors	Non-Executive	Utilities	723	684
	Non-Executive	Dividend paid to directors as shareholders	1	1
	Non-Executive	Dividend paid to directors' company	2,363	2,700
	Non-Executive	Meeting fees	4,000	3,600
	Non-Executive	Travelling reimbursements	-	37

15.12.20

19 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, 2020 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, 2019.

20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2020.

21 FAIR VALUES

The carrying amounts of financial assets and financial liabilities are reasonable approximation of their fair values.

22 AUTHORIZATION FOR ISSUE


These condensed interim financial statements was authorized to issue on 25-02-21 by the Board of Directors of the Company.

23 GENERAL

23.1 World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The federal and provincial governments of Pakistan also took various measures, including imposition of lockdown to contain the spread of Covid-19. However, the Government's initiative to subsequently relax the lockdown along with various other incentives to businesses helped in reviving the economic activities from June 2020 onwards. The management of the Company has been regularly conducting in depth analysis and has assessed that there is no material impact of COVID - 19 on the carrying amounts of assets and liabilities as at December 31, 2020. Going forward, the management is taking all the required actions and will continue to monitor the potential impact and take all steps possible to mitigate any effects.

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

15-03-21



Lahore:

Chief Executive Officer

Chief Financial Officer

Director