

LSE Financial Services Limited

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019



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, 2019:

Financial Highlights	Dec-2019 Rs. in '000'	Dec-2018 Rs. in '000'
Revenue	93,197	79,713
Share of profit of Associates-net of tax	69,894	65,122
Total Revenue	163,091	144,835
Expenditures	(52,549)	(47,479)
Finance Cost	(23)	(3,841)
Profit before Taxation	110,519	93,515
Taxation	(18,816)	(23,842)
Net Profit for the period	91,703	69,673
Earnings Per Share (EPS)	Rs. 0.71	Rs. 0.54

PERFORMANCE REVIEW

During the half year ended on December 31, 2019, LSEFSL earned total revenue of Rs. 163.091 million, including share of profit from the associated companies, as compared to Rs. 144.835 million last year's comparative period, i.e., an increase of 18.256 million or 12.60% mainly due to increase in interest rate. The revenue was generated from rent, income from MTS, share of profits from the associated companies and other income. The administrative expenses were Rs. 52.549 million, i.e., up by Rs. 5.070 million or 11% from last year's comparative period. Expenses increased due to the impact of inflation. The Company accounted for provision of Rs. 2.5 million relating to supply of utilities and service maintenance charges. The Company earned a profit before taxation of Rs. 110.519 million for the period under review, which is in line as compared to the corresponding period. Furthermore, profit after tax is Rs. 91.703 million which has been increased by Rs. 22.030 million or 31.61% 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, 2019 was recorded as Rs. 0.71 per share against Rs. 0.54 per share of last year's comparative period, up by Rs. 0.17 or 31.48%.

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.



LSE Financial Services Ltd.

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.

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

A handwritten signature in blue ink, appearing to read 'MSQ:J', with a diagonal line drawn through it.

Chief Executive/Managing Director

A handwritten signature in black ink, appearing to read 'John 24'.

Director

TO THE MEMBERS OF LSE FINANCIAL SERVICES LIMITED REPORT ON REVIEW OF 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, 2019, 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 “interim financial statements”). Management is responsible for the preparation and presentation of this 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 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


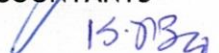
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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, 2019 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: **27 FEB 2020**



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS


LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 (UN-AUDITED)

	Note	December 31, 2019 Un-Audited	June 30, 2019 Audited
.....(Rupees in '000s).....			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,278,753	1,282,831
Investment property - at fair value		383,805	383,805
Investment in associates	9	923,778	885,674
Net investment in finance lease		3,349	3,690
Long term investment	10	46,921	-
Long term deposits		1,762	1,762
		2,638,368	2,557,762
CURRENT ASSETS			
Stores and spares		1,182	924
Trade and other receivables	11	13,573	15,146
Advances and prepayments	12	3,722	2,343
Short term investments	13	437,006	440,110
Tax refunds due from government	14	35,495	33,451
Cash and bank balances		29,457	106,814
		520,435	598,788
		3,158,803	3,156,550
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Share capital			
Issued, subscribed and paid-up capital		1,282,842	1,282,842
Capital reserves			
Revaluation surplus on property, plant and equipment		778,748	779,597
Deficit on revaluation of investments		(9,010)	(9,010)
		769,738	770,587
Revenue reserves			
Unappropriated profit		848,066	858,141
		2,900,646	2,911,570
NON-CURRENT LIABILITIES			
Deferred taxation		102,580	97,470
CURRENT LIABILITIES			
Trade and other payables	15	120,180	116,416
Unpaid dividend		32,502	27,523
Unclaimed dividend		2,895	3,571
		155,577	147,510
CONTINGENCIES AND COMMITMENTS			
	16	3,158,803	3,156,550

The annexed notes 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	<u>For the half year ended</u>		<u>For the Quarter Ended</u>	
	<u>December 31,</u> 2019 (Rupees in '000s)	<u>December 31,</u> 2018	<u>December 31,</u> 2019 (Rupees in '000s)	<u>December 31,</u> 2018
REVENUE				
Income from margin trading system	27,350	19,658	13,832	10,821
Rental income	22,955	27,121	11,741	13,731
Other income	42,892	32,934	26,392	15,470
	<u>93,197</u>	<u>79,713</u>	<u>51,965</u>	<u>40,022</u>
OPERATING EXPENSES				
Administrative and general expenses	(52,549)	(47,479)	(25,870)	(25,028)
OPERATING PROFIT	<u>40,648</u>	<u>32,234</u>	<u>26,095</u>	<u>14,994</u>
Finance cost	(23)	(3,841)	(12)	(1,878)
Share of profit of associates - net of tax	69,894	65,122	42,364	33,197
PROFIT BEFORE TAXATION	<u>110,519</u>	<u>93,515</u>	<u>68,447</u>	<u>46,313</u>
Taxation	17 (18,816)	(23,842)	(7,623)	(12,249)
PROFIT AFTER TAXATION	<u>91,703</u>	<u>69,673</u>	<u>60,824</u>	<u>34,064</u>
EARNINGS PER SHARE (basic and diluted)	18 <u>0.71</u>	0.54	<u>0.47</u>	<u>0.27</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer

[Signature]
Chief Financial Officer

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Director

15.12.2019

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	September 30, 2019	September 30, 2018
	(Rupees in '000s)		(Rupees in '000s)	
PROFIT FOR THE PERIOD	91,703	69,673	30,880	34,064
Other comprehensive income				
<i>Items that are or may be subsequently reclassified to statement of profit or loss:</i>				
Share of the comprehensive income from associates in respect of revaluation of investments at FV through other comprehensive income (FVTOCI).	.	98	.	122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	91,703	69,771	30,880	34,186

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer

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Chief Financial Officer

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Director

15/11/2019

LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES	TOTAL EQUITY
	Issued, subscribed and paid up capital - ordinary shares	Revaluation surplus on Property, Plant and Equipment	Deficit on revaluation of investments - associates	Unappropriated profit	
.....(Rupees in '000s).....					
Balance as at June 30, 2018 (Audited)	1,282,842	777,143	(9,070)	765,020	2,815,935
Profit for the period	-	-	-	69,673	69,673
Other comprehensive loss - net of tax	-	-	-	-	-
Total comprehensive income for the period		-	-	69,673	69,673
Transferred to unappropriated profit on account of incremental depreciation - net of tax	-	(786)	-	786	-
Cash dividend paid (Rs. 0.50 per share) for the year ended June 30, 2018	-	-	-	(64,142)	(64,142)
Balance as at December 31, 2018 (Un-Audited)	1,282,842	776,357	(9,070)	771,337	2,821,466
Profit for the period	-	-	-	89,067	89,067
Other comprehensive income / (loss) - net of tax	-	4,026	60	(3,049)	1,037
Total comprehensive income for the period		4,026	60	86,018	90,104
Transferred to unappropriated profit on account of incremental depreciation - net of tax	-	(786)	-	786	-
Balance as at June 30, 2019 (Audited)	1,282,842	779,597	(9,010)	858,141	2,911,570
Profit for the period	-	-	-	91,703	91,703
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period		-	-	91,703	91,703
Transferred to unappropriated profit on account of incremental depreciation - net of tax	-	(849)	-	849	-
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	778,748	(9,010)	848,066	2,900,646

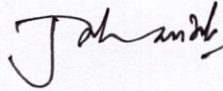
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Chief Executive Officer



Chief Financial Officer

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Director

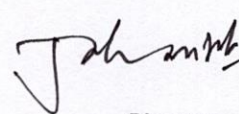
LSE FINANCIAL SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half yearly ended	
		December 31, 2019	December 31, 2018
Cash flows from operating activities			
Profit before tax		110,519	93,515
Adjustments for non - cash and other items:			
Depreciation		11,478	13,245
Share of profit of associates		(69,894)	(65,122)
Return on investments		(39,134)	(28,446)
Lease rentals		(22,955)	(27,121)
Employees' welfare fund		123	40
Loss on disposal of operating fixed assets		4	-
Provision against doubtful trade and other receivables		2,544	348
Finance cost		23	3,841
Loss before working capital changes		(117,811)	(103,216)
Movement in working capital	19	413	(14,110)
		(6,879)	(23,811)
(Payments) / Receipts in respect of:			
Advance rent from tenants		25,147	27,547
Retention money		165	(89)
		25,312	27,458
Net cash generated from operations		18,433	3,647
Employees' welfare fund paid		(123)	(60)
Finance cost paid		(23)	(7,092)
Income tax paid		(15,750)	(13,717)
Net cash generated from/(used in) operating activities		2,537	(17,222)
Cash flows from investing activities			
Capital expenditure incurred		(7,429)	(581)
Proceed from disposal of operating fixed assets.		25	9
Short term investment (T-bills and TDR's)		(301)	24,750
Short term investment (MTS)		3,405	(8,812)
Net investment in finance lease		342	296
Long term investment made during the period (PIBs)		(46,921)	-
Profit received on investments during the period		37,519	29,380
Dividend received from Associates		31,790	29,329
Net cash generated from investing activities		18,430	74,371
Cash flows from financing activities			
Dividend paid		(98,324)	(59,736)
Repayment of long term financing		-	(7,143)
Net cash used in financing activities		(98,324)	(66,879)
Net decrease in cash and cash equivalents		(77,357)	(9,730)
Cash and cash equivalents at the beginning of the period		106,814	52,578
Cash and cash equivalents at the end of the period		29,457	42,849

The annexed notes 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

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.

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 subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

3 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, 2019, except for the effect of IFRS 9 (note - 6).

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, 2019****IFRS 16 'Leases' - IFRS 16**

This standard replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognized on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized.

However, the application of IFRS 16 does not have any material impact on the Company's books of account.

'IFRS - 9 'Financial instruments'

Initially Securities and Exchange Commission of Pakistan (SECP) deferred the application of IFRS - 9 'Financial Instruments' to Non-Banking Finance Companies till June 30, 2020. Therefore, now the Company has adopted this standard. This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 01, 2019 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortized cost').

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2019:

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Financial instruments	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
			(Rupees 000)	
Long term deposits	Loans and receivables	Amortized cost	1,762	1,762
Net investment in finance lease	Loans and receivables	Amortized cost	3,690	3,690
Trade and other receivables	Loans and receivables	Amortized cost	15,146	15,146
Short term investments				
<i>Treasury bills</i>	Held to maturity	Amortized cost	24,569	24,569
<i>Investment in MTS</i>	Held to maturity	Amortized cost	396,609	396,609
<i>Equity shares of PMEX</i>	Held for trading	At fair value through profit or loss	18,932	18,932
Bank balances	Loans and receivables	Amortized cost	29,457	29,457
			490,166	490,166

Adoption of IFRS 9 did not have any impact on the profit or loss and OCI for the period ended December 31, 2019.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Company's approach was to include the impairment of trade receivables in other operating expenses.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policy with respect to recognition, measurement, presentation and disclosure of financial assets and impairment of financial assets is disclosed in note 6 and 7.

The amendments that were mandatory for the half year ended December 31, 2019 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 July 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting 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 annual financial statements for the year ended June 30, 2019. 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.

6 IFRS – 9 'Financial instruments'

Financial instruments

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

Financial assets at fair value through other comprehensive income

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

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

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

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise contractual trade and other payables, long and short term financing, unclaimed dividend and accrued markup.

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

Offsetting of financial assets and liabilities

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

Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- o Debt securities that are determined to have low credit risk at the reporting date; and
- o Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

7 Investments

At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit or loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

At fair value through other comprehensive income

Equity investments are initially recognized at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

8 PROPERTY, PLANT AND EQUIPMENT

		December 31, 2019 <u>Un-Audited</u>	Jun 30, 2019 <u>Audited</u>
(Rupees in '000s)			
Operating fixed assets	8.1	1,254,259	1,256,579
Capital work-in-progress	8.2	<u>24,494</u>	<u>26,252</u>
		<u><u>1,278,753</u></u>	<u><u>1,282,831</u></u>

15/03/21

8.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION					Book Value as at 31-12-2019		
	Balance as at 01-07-2019	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Balance as at 31-12-2019	Rate	Balance as at 01-07-2019	For the period	Deletions		Depreciation adjustment	Balance as at 31-12-2019
Owned assets													
Land freehold	1,059,660	-	-	-	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	95,139	-	-	-	-	95,139	5%	-	2,378	-	-	2,378	92,761
Computer and accessories	50,955	314	-	-	-	51,269	30%	48,450	383	-	-	48,833	2,436
Furniture and fixture	13,961	-	-	-	-	13,961	10%	8,435	276	-	-	8,711	5,250
Office equipment	7,399	-	(50)	-	-	7,349	20%	6,723	70	(21)	-	6,772	577
Electric fittings and appliances	109,156	5,124	-	-	3,000	117,280	20%	49,246	6,130	-	-	55,376	61,904
Vehicles	3,345	-	-	-	-	3,345	20%	2,045	130	-	-	2,175	1,170
Elevator	19,285	-	-	-	-	19,285	20%	9,082	1,020	-	-	10,102	9,183
Generator	33,960	246	-	-	-	34,206	10%	13,683	1,016	-	-	14,699	19,507
Arms and security equipment	3,581	503	-	-	-	4,084	10%	2,202	73	-	-	2,275	1,809
Library books	318	-	-	-	-	318	25%	314	1	-	-	315	4
Leasehold improvements	5,697	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
	1,402,456	6,187	(50)	-	3,000	1,411,593		145,877	11,478	(21)	-	157,334	1,254,259

Rupees in '000s

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION					Book Value as at 30-06-2019		
	Balance as at 01-07-2018	Additions	Deletions	Revaluation surplus	Transfer from CWIP	Balance as at 30-06-2019	Rate	Balance as at 01-07-2018	For the Year	Deletions		Depreciation adjustment	Balance as at 30-06-2019
Owned Assets													
Land freehold	1,058,590	-	-	1,070	-	1,059,660	-	-	-	-	-	-	1,059,660
Building on freehold land	101,659	-	-	4,164	-	95,139	5%	5,896	4,788	-	(10,684)	-	95,139
Computer and accessories	50,934	88	(67)	-	-	50,955	30%	47,457	1,052	(59)	-	48,450	2,505
Furniture and fixture	13,961	-	-	-	-	13,961	10%	7,821	614	-	-	8,435	5,526
Office equipment	7,374	25	-	-	-	7,399	20%	6,557	166	-	-	6,723	676
Electric fittings and appliances	108,081	209	(167)	-	1,033	109,156	20%	34,669	14,723	(146)	-	49,246	59,910
Vehicles	4,217	-	(872)	-	-	3,345	20%	2,457	339	(751)	-	2,045	1,300
Elevator	19,010	275	-	-	-	19,285	20%	7,060	2,022	-	-	9,082	10,203
Generator	33,960	-	-	-	-	33,960	10%	11,430	2,253	-	-	13,683	20,277
Arms and security equipment	3,581	-	-	-	-	3,581	10%	2,049	153	-	-	2,202	1,379
Library books	318	-	-	-	-	318	25%	312	2	-	-	314	4
Leasehold improvements	5,697	-	-	-	-	5,697	20%	5,697	-	-	-	5,697	-
	1,407,382	597	(1,106)	5,234	1,033	1,402,456		131,405	26,113	(956)	(10,684)	145,877	1,256,579

Rupees in '000s

1502

8.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
	----- (Rupees in '000s) -----			
Civil work - building	25,553	1,941	(3,000)	24,494
Advances for capital expenditure - buildings	699	-	(699)	-
December 31, 2019 - unaudited	26,253	1,941	(3,699)	24,494
'June 30, 2019 - audited	11,431	16,681	(1,860)	26,252

9 INVESTMENT IN ASSOCIATES - under equity method of accounting

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

Note	December 31, 2019	June 30, 2019
	<u>Un-Audited</u>	<u>Audited</u>
	(Rupees in '000s)	
	70,153	75,335
	471,015	457,834
	382,610	352,505
	<u>923,778</u>	<u>885,674</u>

9.1 Reconciliation of changes in carrying value of investment in associates

	December 31, 2019			
	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	75,335	457,834	352,505	885,674
Share of profit for the period	8,233	31,556	30,105	69,894
Dividend received during the period	(13,415)	(18,375)	-	(31,790)
Closing balance	<u>70,153</u>	<u>471,015</u>	<u>382,610</u>	<u>923,778</u>
	June 30, 2019			
	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	66,643	412,927	307,067	786,637
Share of profit for the year	22,107	61,632	47,615	131,354
Unrealized gain on investments classified as available for sale	-	60	-	60
Actuarial loss on employees' gratuity fund	-	(872)	(2,177)	(3,049)
Dividend received during the year	(13,415)	(15,913)	-	(29,328)
Closing balance	<u>75,335</u>	<u>457,834</u>	<u>352,505</u>	<u>885,674</u>

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

	December 31, 2019 - unaudited		June 30, 2019 - audited	
	Share held	%age	Share held	%age
The Pakistan Credit Rating Agency Limited (PACRA)	2,683,044	36%	2,683,044	36%
Central Depository Company of Pakistan Limited (CDC)	20,000,000	10%	15,000,000	10%
National Clearing Company of Pakistan Limited (NCCPL)	23,730,462	23.53%	17,797,847	23.53%

9.3 During the period CDC issued 5,000,000 (June 30, 2019: 4,391,002) number of ordinary shares as bonus shares.

9.4 During the period NCCPL issued 5,932,615 (June 30, 2019: nil) number of ordinary shares as bonus shares.

9.5 The value of investments in the associates is based on unaudited/unreviewed condensed interim financial statements of the investee companies as at December 31, 2019 (June 30, 2019: audited).

15.03.21

	Note	December 31, 2019 Un-Audited (Rupees in '000s)	June 30, 2019 Audited
10 LONG TERM INVESTMENT			
Pakistan Investment Bond (PIB)		46,921	-
This represents investment in a three year Pakistan Investment Bond maturing as on September 19, 2022 carrying markup of 9% p.a. payable half yearly.			
11 TRADE AND OTHER RECIEVABLES - considered good			
Trade receivables	11.1	3,377	4,829
Other receivables			
<i>From related parties - secured</i>	11.2	2,027	2,228
<i>Accrued mark-up</i>		4,408	2,793
<i>Others</i>	11.3	3,761	5,296
		<u>13,573</u>	<u>15,146</u>
11.1 Trade receivables from ex - members			
Considered good		3,377	4,829
Considered doubtful		12,853	10,309
Less: Provision against doubtful receivables	9.1.1	<u>(12,853)</u>	<u>(10,309)</u>
		<u>3,377</u>	<u>4,829</u>
9.1.1 Movement for the period/year			
Opening balance		10,309	9,099
Provision for the period/year		2,544	1,210
Closing balance		<u>12,853</u>	<u>10,309</u>
11.2 Other receivables from related parties:			
MCF Trust Fund		194	199
IPF Trust Fund		575	595
TCF Trust Fund		958	990
National Clearing Company of Pakistan Limited		144	289
Central Depository Company of Pakistan Limited		156	156
		<u>2,027</u>	<u>2,228</u>
12 ADVANCES AND PREPAYMENTS			
<i>Considered good</i>			
Advances to employees - secured		467	433
Prepaid expenses		3,231	1,886
Due from others		24	24
		<u>3,722</u>	<u>2,343</u>
13 SHORT TERM INVESTMENTS			
Amortized cost			
Investment in MTS		393,205	396,609
Government treasury bills		24,869	24,569
At FV through profit or loss			
Equity shares of Pakistan Mercantile Exchange Limited (PMEX)		18,932	18,932
		<u>437,006</u>	<u>440,110</u>
14 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	14.1	35,092	33,451
Sales tax		403	-
		<u>35,495</u>	<u>33,451</u>
14.1 Income tax			
Wealth tax paid:			
- under protest		10,063	10,063
- with returns		461	461
		<u>10,524</u>	<u>10,524</u>
Less: provision for wealth tax		3,728	3,728
		<u>6,796</u>	<u>6,796</u>
Income tax deducted at source during the period / year		42,002	50,232
Provision of income tax for the period / year		<u>(13,706)</u>	<u>(23,577)</u>
		<u>35,092</u>	<u>33,451</u>

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	Note	December 31,	June 30,
		2019	2019
		Un-Audited	Audited
(Rupees in '000s)			
15 TRADE AND OTHER PAYABLES			
Trade creditors		17,204	18,774
Accrued liabilities		10,188	10,188
Due to members		2,158	2,158
Advance rent received from tenants		12,395	10,202
Defaulted members' membership sale proceeds	15.1	52,571	52,571
Advances received from members and companies		4,977	1,941
Retention money		2,948	2,783
Payables related to discontinued operations		17,738	17,798
		<u>120,180</u>	<u>116,416</u>

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

16 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, 2019.

Commitments

Commitments for capital expenditure outstanding as at December 31, 2019 were Rs. 6.233 million (June 30, 2019: Rs.10.98 million).

	December 31,	December 31,
	2019	2018
	Un-Audited	Un-Audited
17 TAXATION		
Current	13,706	15,411
Deferred	5,110	8,431
	<u>18,816</u>	<u>23,842</u>

18 EARNINGS PER SHARE

	For the half year ended		For the Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Basic earnings per share				
Profit after tax (Rupees in 000's)	91,703	69,673	60,824	34,064
Weighted average number of shares (No. of shares in 000's)	<u>128,284</u>	<u>128,284</u>	<u>128,284</u>	<u>128,284</u>
Earnings per share (Rupees)	<u>0.71</u>	<u>0.54</u>	<u>0.47</u>	<u>0.27</u>

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, 2019 and June 30, 2019 which would have any effect on the earnings per share.

	December 31,	December 31,
	2019	2018
	Un-Audited	Un-Audited
.....(Rupees in '000s).....		
19 MOVEMENT IN WORKING CAPITAL		
(Increase) / decrease in current assets:		
- Stores and spares	(192)	114
- Trade and other receivables	643	14,436
- Advances and prepayments	(1,379)	(427)
	(928)	14,123
Increase / (decrease) in current liabilities:		
- Trade and other payables	1,340	(22,916)
	<u>413</u>	<u>(8,793)</u>

20 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:

15.08.20

Name of Related Parties	Relationship and percentage shareholding	Transactions during the period	December 31,	December 31,
			2019	2018
			(Rupees in '000s)	
Transactions with Associated Undertakings				
National Clearing Company of Pakistan Limited	23.53%	Rental income	-	1,209
		Annual fee	250	250
		Security deposit against investment in NCCPL under marginal trading system	-	250
		MTS Income	27,350	19,658
		Other charges	-	2,026
		Provision of facilities	1,028	939
		Reimbursement of facilities	1,086	1,212
Central Depository Company of Pakistan Limited	10%	Provision of facilities	4,943	1,520
		Reimbursement of facilities	4,932	2,672
		Dividend received	18,375	15,913
		Dividend received	13,415	13,415
Pakistan Credit Rating Agency Limited	36%	Dividend received	13,415	13,415
Transactions with key management personnel				
Chief Executive		Managerial remuneration	1,547	1,211
		Company's contribution to the provident fund trust	141	110
		Housing and utilities	703	550
		Others	258	-
Transactions with others				
Lahore Stock Exchange Limited - Employees' Provident Fund Trust	Trust	Contribution for the period	577	465
MCF Trust Fund	Associate	Fund management fee	194	158
IPF Trust Fund	Associate	Fund management fee	575	395
TCF Trust Fund	Associate	Fund management fee	958	751
Directors	Non-Executive	Utilities	684	669
		Dividend paid to directors	1	0.10
		Dividend paid to directors' company	2,700	1,688
		Meeting Fees	3,600	1,410
		Travelling	37	-

21 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, 2019 and the corresponding figures in the condensed interim statement of profit or loss and other 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, 2018.

22 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

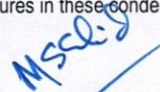
The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2019.


23 AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized to issue on 27 Feb, 2020 by the Board of Directors of the Company.

24 GENERAL

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


Chief Executive Officer


Chief Financial Officer


Director