



February 24, 2020

All Members,

Attached please find the Institute's Condensed Interim Financial Statements for the period ended 31 December 2019.

Kind regards,

A handwritten signature in black ink, appearing to be 'S. J. I.', written over a horizontal line.

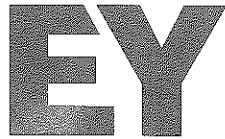
Chief Financial Officer

A handwritten signature in black ink, appearing to be 'A. H.', written over a horizontal line.

Chief Executive Officer

A handwritten signature in black ink, appearing to be 'A. Khan', written over a horizontal line.

Director



**Building a better
working world**

**PAKISTAN INSTITUTE OF CORPORATE
GOVERNANCE
CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 31 DECEMBER 2019

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Institute of Corporate Governance** (the 'Institute') as at **31 December 2019**, the related condensed interim income and expenditure statement, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim 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 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 05 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Institute of Corporate Governance** (the 'Institute') as at **31 December 2019**, the related condensed interim income and expenditure statement, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

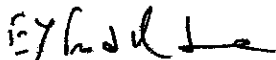
Scope of Review

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 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 05 March 2020

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

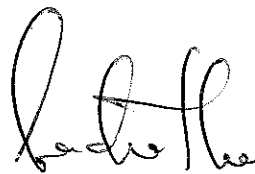
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment		5,710,535	2,296,489
Right of use asset	4	24,843,599	-
Long-term Investments	6	8,444,139	8,007,296
Long term security deposits	7	1,540,470	1,540,470
		<u>40,538,743</u>	<u>11,844,255</u>
Current assets			
Receivable from members	8	9,045,587	3,713,376
Short-term prepayments and advances		481,261	1,402,928
Short-term investments	9	65,045,433	74,024,259
Other receivables		4,497,225	7,762,944
Tax refunds due from Government	10	11,929,191	11,244,959
Cash and bank balances		9,853,303	1,589,945
		<u>100,852,000</u>	<u>99,738,411</u>
Total assets		<u><u>141,390,743</u></u>	<u><u>111,582,666</u></u>
FUND BALANCE & LIABILITIES			
Fund Balance			
Accumulated Fund		99,018,548	97,524,244
Non-current Liabilities			
Lease Liability		22,080,403	-
Current Liabilities			
Fees in advance		13,072,757	5,850,333
Accrued expenses		2,194,311	6,021,744
Other payables		2,269,917	2,186,345
Current portion of Lease liability		2,754,807	-
		<u>20,291,792</u>	<u>14,058,422</u>
Total liabilities		<u>42,372,195</u>	<u>14,058,422</u>
Total Fund Balance and Liabilities		<u><u>141,390,743</u></u>	<u><u>111,582,666</u></u>

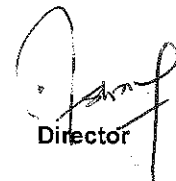
The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

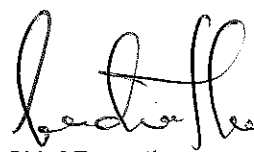
CONDENSED INTERIM INCOME AND EXPENDITURE STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	Note	December 31, 2019 Rupees	December 31, 2018 Rupees
INCOME			
Revenue from services	11	29,443,158	39,766,465
EXPENDITURE			
Salaries, allowances and benefits		15,801,455	13,862,472
Professional service fee		7,252,160	5,212,748
Rent		-	3,727,938
Depreciation on property, plant and equipment		509,890	282,483
Depreciation on right of use asset		2,760,400	-
Travelling and conveyance		500,114	653,226
Utilities		640,992	457,137
Printing and stationery		571,551	529,215
Insurance		113,177	99,533
Repair and maintenance		589,295	479,612
Conference cost		974,725	-
Other expenditure	12	2,026,545	2,394,583
Provision for doubtful debts		41,563	113,125
		31,781,867	27,812,072
Operating (deficit) / surplus		(2,338,709)	11,954,393
Return on bank balances and investments		5,767,383	2,826,620
Finance cost		(1,934,370)	(19,282)
Surplus for the period		1,494,304	14,761,731
Other comprehensive income		-	-
Total comprehensive income		1,494,304	14,761,731

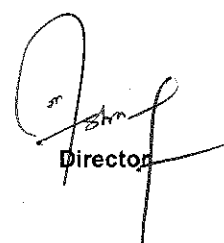
The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	Note	December 31, 2019 Rupees	December 31, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the period		1,494,304	14,761,731
Adjustment for:			
Return on bank balances and investments		(5,767,383)	(2,826,620)
Depreciation		509,890	282,483
Depreciation on lease		2,760,400	-
Interest cost on lease		1,932,280	-
Loss on disposal of operating fixed assets		26,539	-
Provision for doubtful debts		41,563	113,125
Surplus before working capital changes		997,593	12,330,719
(Increase) / decrease in current assets:			
Receivable from members		(5,369,524)	1,363,500
Short term prepayments and advances		921,667	149,732
Other receivables		3,261,469	(2,016,689)
		(1,186,388)	(503,457)
Increase / (decrease) in current liabilities:			
Fees in advance		7,222,424	7,578,325
Accrued expenses		(3,827,433)	(803,539)
Other payables		83,572	(97,865)
		3,478,563	6,676,921
Withholding tax paid		(684,232)	(210,642)
Net cash generated from operating activities		2,605,536	18,293,541
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(3,980,375)	-
Proceeds from maturity of short-term investments		8,733,334	-
Proceeds from disposal of operating fixed assets		29,900	-
Return on bank balances and investments received		5,829,291	2,817,552
Net cash generated from investing activities		10,612,150	2,817,552
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(4,701,069)	-
Net cash (used in) / generated from financing activities		(4,701,069)	-
Net increase in cash and cash equivalents		8,516,617	21,111,093
Cash and cash equivalents at beginning of the period		66,382,119	48,511,292
Cash and cash equivalents at end of the period	13	<u>74,898,736</u>	<u>69,622,385</u>

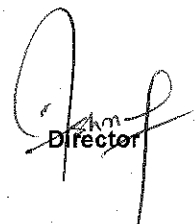
The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

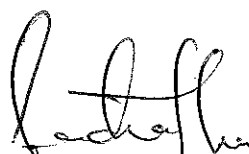
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	Accumulated Fund Rupees
Balance as at July 01, 2018	67,234,785
Total Comprehensive Income for the half year ended December 31, 2018	14,761,731
Balance at December 31, 2018	<u>81,996,516</u>
Balance at July 01, 2019	97,524,244
Total Comprehensive Income for the half year ended December 31, 2019	1,494,304
Balance at December 31, 2019	<u>99,018,548</u>

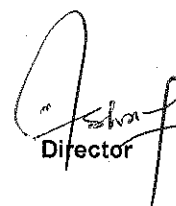
The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)**

1. THE INSTITUTE AND ITS OPERATIONS

1.1 Pakistan Institute of Corporate Governance (the Institute) was incorporated in Pakistan as a company limited by guarantee without share capital on December 01, 2004 under section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). Its members include 92 (June 30, 2019: 90) Corporate, 24 (June 30, 2019: 21) Individual and the following founding members:

- Securities & Exchange Commission of Pakistan
- The State Bank of Pakistan
- The Pakistan Stock Exchange Limited
- Institute of Business Administration
- Lahore University of Management Sciences
- Institute of Chartered Accountants of Pakistan
- Institute of Corporate Secretaries of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Overseas Investors Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Insurance Association of Pakistan
- Mutual Funds Association of Pakistan
- Pakistan Banks Association

1.2 The main objective of the Institute is to promote awareness of corporate governance and encourage compliance with good corporate governance practices by corporate bodies and professionals. In this regard, the Institute also conducts Directors' Training Program based on a standard curricula for which the Institute has arrangements with foreign organisations.

1.3 Securities and Exchange Commission of Pakistan (SECP) through various circulars has directed all companies set up in pursuance of section 42 and have completed five years' time from issuance of their license to apply for renewal of license. The license of the Institute has been renewed upto January 26, 2021.

1.4 The registered office of the Institute is situated at Office Suite 316, "The Forum", Clifton, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 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.
- Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

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 do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the institute's annual financial statements for the year ended June 30, 2019.
- 2.3 These condensed interim financial statements are unaudited, but subject to limited scope review by the external auditors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Institute's annual financial statements for the year ended 30 June 2019 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.

4. NEW STANDARDS, AMMENDMENTS AND IMPROVEMENTS OF IFRSs

The Institute has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or amendment:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Institute's condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

During the current year, the Institute has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Institute has lease contracts for its head office in The Forum, Karachi. Before the adoption of IFRS 16, the Institute classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in income and expenditure statement. Any prepaid rent was recognised under short term advances and prepayments.

After the adoption of IFRS-16, the Institute has accounted for the lease contract of its head office as per the requirements of the new standard for lessee and recognized a right-of-use asset against a lease liability. Any advance receipts are net off against the right-of-use asset as disclosed in table below.

As permitted by the transitional provisions of IFRS 16, the Institute elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 2019 (increase / (decrease)) is as follows:

	July 01, 2019 ----(Rupees)----
Assets	
Right-of-Use (RoU) asset	28,577,130
Prepayments	(973,131)
	<u>27,603,999</u>
Liabilities	
Lease liability	<u>27,603,999</u>

The carrying amounts of the Institute's right-of-use assets, lease liabilities and the movements during the year is as below:

	December 31, 2019	
	RoU asset	Lease liability
As at July 01, 2019	27,603,999	27,603,999
Addition	-	-
Depreciation	(2,760,400)	-
Borrowing cost	-	1,932,280
Finance lease income	-	-
Payments	-	(4,701,069)
Receipts	-	-
As at December 31, 2019	<u>24,843,599</u>	<u>24,835,210</u>

4.1 Summary of new accounting policies

Set out below are the new accounting policies of the Institute upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Institute recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Institute is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Institute recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institute and payments of penalties for terminating a lease, if the lease term reflects the Institute exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Institute uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Institute applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Institute determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Institute's annual financial statements for the year ended June 30, 2019, except for those disclosed in note 4 to these condensed interim financial statements.

	Note	(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
6. LONG-TERM INVESTMENTS			
Pakistan Investment Bonds	6.1	<u>8,444,139</u>	<u>8,007,296</u>

6.1 These carry profit yield @ 7.25% per annum (June 30, 2019: 7.25% per annum) payable at six month interval and are carried at amortised cost maturing on July 12, 2021.

7. LONG TERM SECURITY DEPOSITS

These represent security deposit paid to The Forum in accordance with Rental agreements for office suite # 315 and 316.

	Note	(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
8. RECEIVABLE FROM MEMBERS -			
Annual subscription		1,985,000	-
Directors Training Program		1,680,000	3,613,376
Fee from specialised workshops		5,417,900	100,000
		<u>9,082,900</u>	<u>3,713,376</u>
Less: Provision for doubtful debts		<u>37,313</u>	<u>-</u>
		<u>37,313</u>	<u>-</u>
		<u><u>9,045,587</u></u>	<u><u>3,713,376</u></u>
9. SHORT-TERM INVESTMENT			
Pakistan Investment Bonds		-	9,232,085
Market treasury bills	9.1	<u>65,045,433</u>	<u>64,792,174</u>
		<u><u>65,045,433</u></u>	<u><u>74,024,259</u></u>

9.1 These carry interest rate of 13.02% - 13.45% (June 30, 2019: 10.95% - 11.00%) per annum. These securities have an aggregate face value of Rs.72 million (June 30, 2019: Rs.65.15 million).

10. TAX REFUNDS DUE FROM GOVERNMENT

This represents income tax refundable from income tax authorities on account of withholding tax deducted from payments made to the Institute. The institute is currently in the process of recovering the said balance from the authorities.

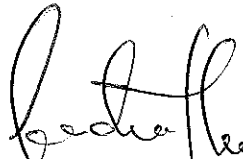
	(Unaudited)	
	December 31, 2019 Rupees	December 31, 2018 Rupees
11. REVENUE		
Entrance fee from members	365,000	455,000
Annual subscription and application fee	4,392,996	4,294,500
Fee from Directors Training Program	16,146,832	27,096,850
Fee from specialized workshops	5,972,500	2,122,000
Advisory services board evaluation	844,200	1,074,515
Conference fee	1,716,630	
Other income	5,000	14,850
Databank for independent directors	-	4,708,750
	<u>29,443,158</u>	<u>39,766,465</u>

	(Unaudited)	
	December 31, 2019 Rupees	December 31, 2018 Rupees
12. OTHER EXPENDITURE		
Marketing and advertisement	133,380	18,436
Publication expenses	416,205	180,205
Hotel Stay and Event cost CGLS NIBAF	300,000	-
Loss on disposal of operating fixed assets	26,539	-
Others	1,150,421	2,215,224
	<u>2,026,545</u>	<u>2,413,865</u>
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,853,303	12,804,118
Short-term investments	65,045,433	56,818,267
	<u>74,898,736</u>	<u>69,622,385</u>
14. GENERAL		
14.1	Figures in this condensed interim financial information have been rounded off to the nearest Rupee, unless otherwise stated.	
14.2	Comparative figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.	
15. DATE OF AUTHORISATION FOR ISSUE		

This condensed interim financial information was authorised for issue by the Board of Directors of the Institute in their meeting held on 21 February 2020



Chief Financial Officer



Chief Executive



Director

Directors Report to the Members of Pakistan Institute of Corporate Governance (PICG) for the Half-Year Ended December 31, 2019.

The Board of PICG is pleased to issue its report on the affairs of your Institute, for the half year ended December 31, 2019.

Operations

During the six months, the Institute conducted six Director Training Programs (DTP).

In addition to director training, seven Board Evaluations were completed during the period.

We also conducted following specialized workshops which includes 2 in-house workshops for our member companies.

- Ethics
- Governance in Public Sector
- Company Secretary Development Program
- Family Business Governance
- Effective minute taking
- Board Evaluation

In addition to the above a 'Forum on Family Business and Intrapreneurship' was held by the Institute on October 5, 2019 in collaboration with INSEAD Business School Alumni Association to generate interest in the growth and performance of family owned businesses in Pakistan. This has resulted in greater interest in our follow up activities including specialized workshops and in-house corporate advisory services.

We also launched a survey on "Corporate Governance Practices 2019", undertaken by the Pakistan Institute of Corporate Governance (PICG), covering areas such as board composition, practices and remuneration of a variety of companies across Pakistan. The survey is a follow up to one conducted by PICG in 2016 and highlights major changes that have taken place since then as a result of major changes to the regulatory environment in the country. The survey was launched on December 12, 2019 to coincide with the celebration of PICG's 15 year anniversary, attended by our members, faculty and staff.

Finance

During the half-year, the Institute had a surplus of Rs.1.49m compared to the surplus of Rs.14.76m in the corresponding period last year. The decrease in surplus was primarily witnessed in the first quarter, on account of the following:

- i) On stipulation from SECP to increase DTP training to full 40 hours¹ of practical training, the duration of the program was extended from 3 to 5 days resulting in higher attrition rates. We have subsequently scaled these back to 4 days while keeping the content intact through reduction in duplicate material and adding additional modules.
- ii) Loss of margins on DTP due to cost increase resulting from the extension compared to nominal increase in DTP fees. We are trying to maintain the margin with the restructured 4 day DTP.
- iii) The withdrawal of mandatory requirement of DTP from Code of Corporate Governance by replacing the word “mandatory” to “encouraged”. We are diversifying the revenue sources through specialized workshops on related topics.
- iv) Discontinuation of registration fees for enrolment in Databank of Independent Directors. This was a major source of revenue booked last year, which unfortunately we cannot avail this year due to the decision taken last June.

Membership

During the half-year one full member, one associate member, and three individual members joined the growing list of membership of PICG. The Board welcomes the new corporate as well as individual members.

Future Outlook


The Board has overseen the Institute’s strategic shift into new sectors, including family business and small and medium sized enterprises, as well as expansion into lifelong learning through the introduction of new training programs like the Board Sub-Committee Series. Key client relationships

¹ Previously 40 hours of training included pre-reading of online course materials

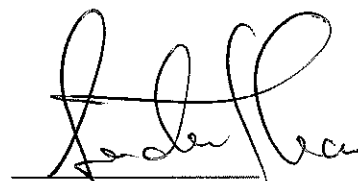
will be strengthened as the Institute gradually builds a new client base by tapping into sectors like engineering and construction, and healthcare. As a knowledge based organization, development of employee skills and training is another critical area that the Institute will be focusing on through capacity building sessions for staff. As envisaged in the Institute's 3Year Strategy Plan 2019-2022, technical and knowledge collaborations with other organizations will be increased to advance the Institute's policy advocacy role. The Institute remains committed to staying financially sustainable and to improve the financial outlook during the year through introduction of a new program portfolio and expanding the scope of in-house advisory services.

Acknowledgement

The Board wishes to acknowledge the contribution made by all shareholders including Directors, employees, members and the two apex regulators, Securities and Exchange Commission of Pakistan and the State Bank of Pakistan.



Chairman & Director
February 21, 2020



President/CEO & Director