



**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**SEPTEMBER 30, 2017**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Rupees in '000) Unaudited	June 30, 2017 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	897,980	913,777
Intangible assets		407	270
Investment property		3,233,745	3,233,745
Long term investments - under equity method	7	170,649	163,903
Long term investment - available for sale	8	74,398	73,226
Long term advances		100	150
Long term security deposits		14,704	14,704
Deferred tax		94,416	94,295
		<u>4,486,399</u>	<u>4,494,070</u>
<b>CURRENT ASSETS</b>			
Account receivables	9	1,379	551
Advances		5,594	3,938
Deposits and prepayments		3,673	2,227
Interest accrued		662	819
Other receivables	10	31,837	30,206
Tax refund due from government - net	11	48,659	47,317
Short term investment - held to maturity	12	124,202	76,939
Cash and bank balances	13	42,363	87,329
		<u>258,369</u>	<u>249,326</u>
<b>TOTAL ASSETS</b>		<u><u>4,744,768</u></u>	<u><u>4,743,396</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Share capital	14	3,671,870	3,671,870
Accumulated profit		657,714	619,215
Surplus on remeasurement of available for sale investment to fair value		27,235	26,063
		<u>4,356,819</u>	<u>4,317,148</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		136,669	137,257
<b>NON-CURRENT LIABILITIES</b>			
Advances, deposits and other receipts		32,178	34,821
Deferred liabilities		12,413	11,677
		<u>44,591</u>	<u>46,498</u>
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	15	95,209	96,384
Advances and deposits		111,480	146,109
		<u>206,689</u>	<u>242,493</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	16	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,744,768</u></u>	<u><u>4,743,396</u></u>

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

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	Note	Quarter ended	
		September 30,	
		2017	2016
		(Rupees in '000)	
<b>Income</b>			
Operating income	17	57,429	55,838
<b>Administrative expenses</b>			
Depreciation / amortization		(16,981)	(17,225)
Others	18	(7,501)	(8,585)
		(24,482)	(25,810)
Other operating income	19	11,585	7,005
Financial charges		(12)	(23)
Operating profit		44,519	37,009
Share of profits from associated companies		6,754	6,653
Profit before taxation		51,273	43,662
Taxation		(13,355)	(13,611)
Profit after taxation		37,918	30,051
Earning per share			
- basic and diluted		0.103	0.082

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

Quarter ended September 30,	
2017	2016
(Rupees in '000)	

Profit after taxation	37,918	30,051
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**Other comprehensive income**

Share of other comprehensive loss of associated companies - net of tax

Surplus on remeasurement of available for sale investment to fair value

	(8)	(71)
1,172	-	-


Other comprehensive income after tax

	1,164	(71)
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Total comprehensive income for the period

	<u>39,082</u>	<u>29,980</u>
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The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
Note	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	18,679	33,903
Compensated absences paid	(117)	(321)
Income tax paid	(14,817)	(5,665)
Net cash generated from operating activities	<u>3,745</u>	<u>27,917</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,321)	(1,344)
Interest received	2,527	276
Investment made during the period	(47,263)	-
Net cash used in investing activities	<u>(46,057)</u>	<u>(1,068)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advances, deposits and other receipts	(2,643)	(22,703)
Financial charges paid	(12)	(23)
Net cash used in financing activities	<u>(2,654)</u>	<u>(22,726)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(44,966)</u>	<u>4,123</u>
Cash and cash equivalents at beginning of the period	87,329	43,806
Cash and cash equivalents at end of the period	<u><u>42,363</u></u>	<u><u>47,929</u></u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	Share capital	Surplus on remeasurement of available for sale investment to fair value	Reserves			Total
			Unrealized surplus on remeasurement of investments	Asset replacment fund	Unappropriated income	
----- (Rupees in '000) -----						
Balance as at June 30, 2016 (audited)	3,671,870	11,493	542	3,565	458,852	4,146,322
<b>Total comprehensive income for the period:</b>						
Profit for the period after taxation	-	-	-	-	30,051	30,051
Amount collected for fixed assets replacement reserve				3,713	(3,713)	-
<b>Transaction with owners</b>						
Share of other comprehensive loss of associates	-	-	(71)	-	-	(71)
Balance as at September 30, 2016 (Unaudited)	<u>3,671,870</u>	<u>11,493</u>	<u>471</u>	<u>7,278</u>	<u>485,190</u>	<u>4,176,302</u>
Balance as at June 30, 2017 (audited)	3,671,870	26,063	435	32,576	586,204	4,317,148
<b>Total comprehensive income for the period:</b>						
Profit for the period after taxation	-	-	-	-	37,918	37,918
Amount collected for asset replacment	-	-	-	9,113	(9,113)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	589	589
Share of other comprehensive loss of associates	-	-	(8)	-	-	(8)
Surplus on remeasurement of available for sale investment		1,172	-	-	-	1,172
Balance as at September 30, 2017 (Unaudited)	<u>3,671,870</u>	<u>27,235</u>	<u>427</u>	<u>41,689</u>	<u>615,598</u>	<u>4,356,819</u>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

**1 LEGAL STATUS AND OPERATIONS**

1.1 ISE Towers REIT Management Company Limited ("the Company") (*Formerly Islamabad Stock Exchange Limited (ISE)*) was incorporated in Islamabad, Pakistan on October 25, 1989, under the Companies Ordinance, 1984, as a company limited by guarantee. On August 27, 2012 the ISE, in accordance with the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), was converted to a public company limited by shares on issuance of certificate of re-registration by the Registrar of Companies. The principal activity of the ISE was to conduct, regulate and control the trade and business of stocks, shares, securities, bonds, government papers, loans and other investments or securities of like nature. On January 11, 2016, ISE changed its name and scope of business and get converted from ISE to a REIT company under the Companies Ordinance, 1984, as a consequence of Securities and Exchange Commission of Pakistan's approval of scheme of integration under the Act. The Company licensed as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 by Securities and Exchange Commission of Pakistan to undertake and carry out REIT Management Services under Real Estate Investment Trust Regulations, 2015. The registered office of the Company is situated in ISE Tower, 55-B, Jinnah Avenue, Islamabad.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the quarter ended September 30, 2017 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required for audited financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the year ended June 30, 2017.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited financial statements for the quarter ended September 30, 2016.

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value and employee benefits at present value.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 ACCOUNTING POLICIES**

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding audited financial statements for the year ended June 30, 2017.

3.2 The other standards, amendments and interpretations of approved accounting standards that became effective during the period do not have a significant impact on the Company's condensed interim financial statements.

## **4 TAXATION**

The provision for taxation for the quarter ended Septemebr 30, 2017 has been made using the estimated effective tax rate applicable to expected total annual taxable income.

## **5 ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2017.



		September 30,	June 30,
		2017	2017
		(Rupees in '000)	
Note		Unaudited	Audited
<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Operating assets	897,980	913,777
		<u>897,980</u>	<u>913,777</u>
<b>6.1</b>	<b>Operating assets</b>		
	Opening written down value	913,777	979,405
	Additions during the period / year	1,184	3,937
	Deletions (net book value) during the period / year	-	(857)
	Depreciation charge for the period / year	(16,981)	(68,708)
	Closing written down value	<u>897,980</u>	<u>913,777</u>
<b>6.1.1</b>	<b>Additions during the period / year</b>		
	Electrical equipment	-	468
	Security equipment	-	70
	Security system	483	-
	IT equipment	-	26
	Furniture & fixture	248	3,257
	Office equipment	453	-
	Computers & accessories	-	116
		<u>1,184</u>	<u>3,937</u>
<b>6.1.2</b>	<b>Deletions (net book value) during the period / year</b>		
	Electrical equipment	-	(108)
	IT equipment	-	(91)
	Furniture & fixture	-	(566)
	Office equipment	-	(55)
	Computers & accessories	-	(37)
		<u>-</u>	<u>(857)</u>
<b>7</b>	<b>LONG TERM INVESTMENTS - UNDER EQUITY METHOD</b>		
	National Clearing Company of Pakistan Limited (NCCPL)	166,734	159,988
	Pakistan Mercantile Exchange Limited (PMEX)	-	-
	JCR-VIS Credit Rating Company Limited (JCR-VIS)	3,915	3,915
		<u>170,649</u>	<u>163,903</u>

7.1 Pakistan Mercantile Exchange Limited (PMEX)	Note	September 30,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
Investment - at cost		61,886	61,886
Share in post acquisition loss brought forward	7.1.1	(61,886)	(61,886)
		-	-

7.1.1 The Company has not recognised accumulated losses of Rs. 21.758 million as of June 30, 2017. The share of profit will be recognized only after its share of the profits exceeds the share of losses not recognized.

7.2 The balances of long term investments in NCCPL has been presented based on management accounts of September 30, 2017 whereas balance of investment in JCR-VIS was based on audited accounts of June 30, 2017 as quarterly results was not available.

8 LONG TERM INVESTMENT - AVAILABLE FOR SALE		September 30,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
Central Depository Company of Pakistan Limited		47,163	47,163
Fair value adjustment		27,235	26,063
		74,398	73,226

8.1 The balance of long term investment has been presented based on management accounts of September 30, 2017 of Central Depository Company of Pakistan Limited.

9 ACCOUNT RECEIVABLES	Note	September 30,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
(Unsecured-considered good)			
Due from building tenants		1,379	551
		1,379	551

#### 10 OTHER RECEIVABLES

Receivable from members	10.1	973	973
Receivable from building occupants	10.2	27,882	26,354
Due from sub lessees	10.3	500	500
Others		2,482	2,379
		31,837	30,206

- 10.1 This represents amount recoverable from Ex-TREC holders on account of inactive membership fees.
- 10.2 This represents receivables from occupants of building on account of utilities and other maintenance services.
- 10.3 This represents receivables from a party to whom office space in ISE Towers have been sold/sub leased.

September 30,	June 30,
2017	2017
(Rupees in '000)	
Unaudited	Audited

Note

#### 11 TAX REFUND DUE FROM GOVERNMENT - NET

Income tax - opening	47,317	57,269
Advance - Income tax paid during the period / year	14,818	33,084
Reversal of provision for WWF	-	13,814
	<u>62,135</u>	<u>104,167</u>
Provision for the period / year	(13,476)	(56,850)
Income tax - closing	<u>48,659</u>	<u>47,317</u>

#### 12 SHORT TERM INVESTMENT

Held to maturity  
Treasury Bills

12.1

124,202	76,939
<u>124,202</u>	<u>76,939</u>

- 12.1 This represents investment in treasury bills (T-Bills) having maturity between November to December 2017 and carries yield rate between 5.979% to 5.991% per annum.

September 30,	June 30,
2017	2017
(Rupees in '000)	
Unaudited	Audited

Note

#### 13 CASH AND BANK BALANCES

Cash at banks

Saving accounts

- Local currency

- Foreign currency

13.1

42,099	87,076
236	231
<u>42,335</u>	<u>87,307</u>
28	22
<u>42,363</u>	<u>87,329</u>

Cash in hand

- 13.1 Balances in PLS accounts carry effective interest rate ranging between 3.5% to 5.15% (2017: 3.5% to 5.15%) per annum.

September 30,	June 30,
2017	2017
(Rupees in '000)	
Unaudited	Audited

## 14 SHARE CAPITAL

### 14.1 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/-each		Ordinary shares issued for consideration other than cash		
30-Sep-17	30-Jun-16			
367,186,963	367,186,963		3,671,870	3,671,870

### 14.2 Authorized share capital

Authorized share capital represents 700,000,000 (June 30, 2017: 700,000,000) ordinary shares of Rs. 10 each amounting to Rs. 7,000,000,000 (June 30, 2017: Rs. 7,000,000,000).

September 30,	June 30,
2017	2017
(Rupees in '000)	
Unaudited	Audited

## 15 ACCRUED AND OTHER PAYABLES

Proceeds from sale of assets of members in default	7,782	7,782
Payable to sub lessees	11,648	11,648
Accrued liabilities	68,528	70,223
Withholding tax payable	224	66
Unclaimed dividend	2,450	2,450
Other payables	4,577	4,215
	95,209	96,384

## 16 Contingencies

There has been no significant change in the status of contingent liabilities disclosed as at June 30, 2017.

### 16.1 Commitment

- a) The Company has entered into Ijarah arrangement with "M/s First Habib Modaraba" for Vehicle. Commitment of Ijarah rentals under this agreement are as follows:

	September 30,	June 30,
	2017	2017
	(Rupees in '000)	
Not later than one year	378	567
	378	567

Quarter ended September 30,	
2017	2016
(Rupees in '000)	

Note

## 17 OPERATING INCOME

Rental income from investment property	55,563	54,140
Other rentals	1,866	1,698
	<u>57,429</u>	<u>55,838</u>

## 18 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	2,924	4,703
Directors' remuneration	100	100
Travelling and lodging	76	59
Postage, telephone and fax	161	172
Printing and stationery	77	44
News papers, books and periodicals	8	6
Publicity and advertisements	7	-
Rent, rates and taxes	1,658	451
Legal and professional charges	430	676
Auditors' remuneration	-	138
Contract services:		
Security	134	55
Janitorial	26	18
Others	7	13
Lease rentals	189	189
Repairs and maintenance	16	15
Meetings and entertainment	244	216
MIS	82	85
Electricity, gas and water	570	826
Insurance	761	785
Miscellaneous	31	34
	<u>7,501</u>	<u>8,585</u>

## 19 OTHER OPERATING INCOME

### Income from financial assets:

Profit on bank deposits	2,363	164
Exchange gain	5	-
Dividend received	-	500

### Income from non financial assets:

Room transfer fee	616	212
Others	19.1 8,601	6,129
	<u>11,585</u>	<u>7,005</u>

19.1 This includes car parking fees and equipment maintenance / replacement fee.

September 30,	September 30,
2017	2016
(Rupees in '000)	
----- Unaudited -----	

Note

## 20 CASH GENERATED FROM OPERATIONS

Profit before taxation	51,273	43,662
Adjustment for non-cash charges and other items:		
Depreciation/amortization	16,981	17,225
Profit on bank deposits	(2,363)	(164)
Exchange gain	(5)	-
Share of profits from associated companies	(6,754)	(6,653)
Provision for gratuity	576	658
Provision for compensated absences	276	687
Financial charges	12	23
Working capital changes	(41,317)	(21,534)
	<u>18,679</u>	<u>33,903</u>

20.1

### 20.1 Changes in working capital

#### Decrease / (increase) in current assets

Accounts receivables	(829)	(1,805)
Advances, deposits, prepayments and other receivables including long term advances	(4,683)	(3,110)
	<u>(5,513)</u>	<u>(4,915)</u>

#### Increase / (decrease) in current liabilities

Advances and deposits	(34,629)	(15,700)
Accrued and other payables	(1,175)	(919)
	<u>(35,804)</u>	<u>(16,619)</u>
	<u>(41,317)</u>	<u>(21,534)</u>

## 21 RELATED PARTY TRANSACTIONS

Related parties include associated companies, directors and key management personnel. Investments in and balances with associated companies and other related parties are disclosed in the relevant notes to this financial statements. Transactions with related parties are as follows:

September 30,	September 30,
2017	2016
(Rupees in '000)	
----- Unaudited -----	

### Transactions with associates

#### National Clearing Company of Pakistan Limited

Expenses incurred on behalf of associate	485	147
Amount received from associate	(248)	(76)

### Transactions with directors

Utility charges	610	472
Amount received against utility charges	610	509

## 21.1 Remuneration of managing director and directors

	September 30,		September 30,		September 30,	
	2017	2016	2017	2016	2017	2016
	Chief Executive Officer		Directors		Total	
	(Rupees in '000)					
Managerial remuneration	-	1,608	-	-	-	1,608
Leave encashment	-	244	-	-	-	244
Meeting fees	-	-	100	100	100	100
	-	1,852	100	100	100	1,952
Number of persons	1	1	10	10	11	11

Furthermore, the Chief Executive Officer has been provided with Company maintained car (with monthly petrol entitlement: 200 Litres), health insurance, telephone and repair & maintenance of car as per Company policy.

## 22 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on October 23, 2017.

## 23 GENERAL

Figures have been rounded off to the nearest thousand.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER