



ISE TOWERS REIT MANAGEMENT COMPANY LIMITED

INTERIM FINANCIAL STATEMENTS

**FOR THE SIX MONTH ENDED
DECEMBER 31, 2018**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of ISE Towers REIT Management Company Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statements for the six month period then ended (herein 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 the International Standards 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 enquiries, 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 the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD**DATED: 22 FEB 2019**
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS**BDO Ebrahim & Co. Chartered Accountants**

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ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2018

	Note	December 31, 2018 (Rupees in '000) Unaudited	June 30, 2018 Audited
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	898,886	930,139
Intangible assets		871	695
Investment property		3,743,586	3,743,586
Long term investments - under equity method	7	166,188	157,656
Long term investment - available for sale	8	112,549	102,677
Long term security deposits and advances		14,801	14,704
Deferred tax		87,301	87,023
		<u>5,024,182</u>	<u>5,036,480</u>
CURRENT ASSETS			
Account receivables	9	5,369	4,587
Advances, deposits and prepayments		7,691	8,344
Interest accrued		2,621	1,704
Other receivables	10	40,350	34,435
Tax refund due from government - net	11	49,325	47,431
Short term investment	12	183,575	193,367
Cash and bank balances	13	43,520	27,848
		<u>332,451</u>	<u>317,716</u>
		<u>5,356,633</u>	<u>5,354,196</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	14	3,671,870	3,671,870
Surplus on revaluation of property and equipment		207,465	209,068
Reserves	15	1,333,209	1,293,588
		<u>5,212,544</u>	<u>5,174,526</u>
NON-CURRENT LIABILITIES			
Advances, deposits and other receipts		21,404	23,988
Deferred liabilities		14,200	13,697
		<u>35,604</u>	<u>37,685</u>
CURRENT LIABILITIES			
Accrued and other payables	16	42,971	41,560
Advances and deposits		64,666	97,284
Unclaimed dividend		848	3,141
		<u>108,485</u>	<u>141,985</u>
CONTINGENCIES AND COMMITMENTS			
	17.1	-	-
TOTAL EQUITY AND LIABILITIES		<u>5,356,633</u>	<u>5,354,196</u>

The annexed notes from 1 to 27 form an integral part of these interim financial statements.

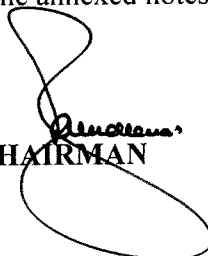

CHAIRMAN

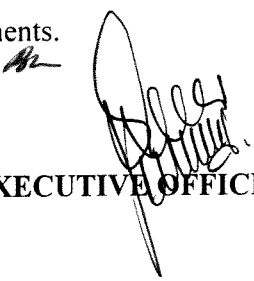

CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Note	Six months ended December 31,		Three months ended December 31,	
		2018	2017	2018	2017
(Rupees in '000)					
Income					
Operating income	18	122,972	113,555	62,150	56,126
Administrative expenses					
Depreciation / amortization		(34,591)	(33,827)	(17,297)	(16,846)
Others	19	(17,390)	(15,929)	(10,292)	(8,428)
		(51,981)	(49,756)	(27,589)	(25,274)
Other operating income	20	31,773	27,757	19,334	16,173
Financial charges		(35)	(31)	(24)	(19)
Operating profit		102,729	91,524	53,871	47,006
Share of profits from associated companies		13,277	11,244	7,322	4,490
Profit before taxation		116,006	102,768	61,193	51,496
Taxation		(28,026)	(27,084)	(14,947)	(13,729)
Profit after taxation		87,980	75,684	46,246	37,767
Earning per share					
- basic and diluted		0.24	0.21	0.13	0.10

The annexed notes from 1 to 27 form an integral part of these interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Six months ended December 31,		Three months ended December 31,	
2018	2017	2018	2017

(Rupees in '000)

Profit after taxation 87,980 75,684 46,246 37,767

Other comprehensive income

Share of other comprehensive loss of associated companies

-	(17)	-	(9)
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Surplus on remeasurement of available for sale investment to fair value

5,116	5,811	4,294	4,639
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Other comprehensive income


5,116	5,794	4,294	4,630
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Total comprehensive income for the period

93,096	81,478	50,540	42,397
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The annexed notes from 1 to 27 form an integral part of these interim financial statements.


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CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Capital reserve			Surplus on remeasurement of investment to fair value	Revenue reserves			Total
		Fixed asset replacement reserve	Total capital reserves	Unrealized surplus on associate's investments		Accumulated profit	Total revenue reserves		
3,671,870	-	32,576	32,576	26,063	435	586,204	612,702	4,317,148	
-	137,257	-	137,257	-	-	-	-	137,257	
3,671,870	137,257	32,576	-	26,063	435	586,204	612,702	4,454,405	

(Rupees in '000)

Balance as at July 01, 2017 - as previously reported
Impact of changes in accounting policies (net of tax)
Balance as at July 01, 2017 (restated)

Total comprehensive income for the period:

Profit for the period after taxation
Amount collected for fixed assets replacement reserve
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax
Share of other comprehensive loss of associates
Surplus on remeasurement of available for sale investment

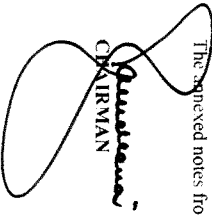
Transaction with owners

Final dividend for the year ended June 30, 2017 at Rs. 0.10 per share
Balance as at December 31, 2017 (unaudited) - (restated)

Balance as at July 01, 2018 (audited)

3,671,870	136,080	51,585	17,832	31,874	418	607,337	639,629	4,499,164
3,671,870	209,068	67,280	276,348	55,514	426	1,170,368	1,226,308	5,174,526
-	-	-	-	-	-	87,980	87,980	87,980
-	-	16,180	16,180	-	-	(16,180)	(16,180)	-
-	(1,603)	-	(1,603)	-	-	1,603	1,603	-
-	-	-	-	-	-	-	-	-
-	-	-	-	5,116	-	-	5,116	5,116
-	-	-	-	-	-	(55,078)	(55,078)	(55,078)
3,671,870	207,465	83,460	290,925	60,630	426	1,188,693	1,249,749	5,212,544

The approved notes from 1 to 27 form an integral part of these interim financial statements.


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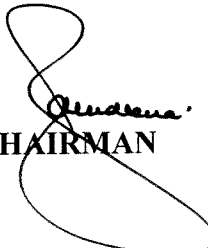
CHIEF EXECUTIVE OFFICER

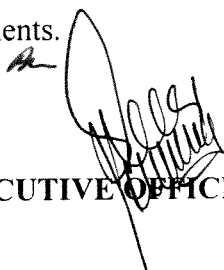


ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	22 89,297	89,833
Gratuity paid	(769)	(1,340)
Compensated absences paid	(433)	(117)
Income tax paid	(30,198)	(27,072)
Net cash generated from operating activities	57,897	61,304
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(3,514)	(1,426)
Interest received	7,509	4,873
Investment made during the period	-	(52,279)
Investment encashed during the period	9,792	-
Dividend received	3,978	4,575
Net cash generated from/(used in) investing activities	17,765	(44,257)
CASH FLOW FROM FINANCING ACTIVITIES		
Advances, deposits and other receipts	(2,584)	(5,982)
Dividend paid	(57,371)	(36,719)
Financial charges paid	(35)	(31)
Net cash used in financing activities	(59,990)	(42,732)
Net increase/(decrease) in cash and cash equivalents	15,672	(25,685)
Cash and cash equivalents at beginning of the period	27,848	87,329
Cash and cash equivalents at end of the period	43,520	61,644

The annexed notes from 1 to 27 form an integral part of these interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

1 CORPORATE AND GENERAL INFORMATION

- 1.1 ISE Towers REIT Management Company Limited ("the Company") was incorporated in Islamabad, Pakistan on October 25, 1989, under the repealed Companies Ordinance, 1984 replaced with the enactment of the Companies Act, 2017 on May 30, 2017, as a company limited by guarantee. The ISE, in accordance with the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), was converted into a public company limited by shares on issuance of certificate of re-registration by the Registrar of Companies on August 27, 2012.
- 1.2 ISE entered into a Memorandum of Understanding (MoU) on August 25, 2015 with Karachi Stock Exchange Limited (KSE) and Lahore Stock Exchange Limited (LSE) with the objective to form an integrated stock exchange for development of capital market of Pakistan under the name of Pakistan Stock Exchange Limited (PSX). Accordingly the ISE proposed a scheme of integration in its AGM on October 27, 2015 to shift the stock exchange related business, the core business of the ISE, to PSX and change the name and scope of the Company subject to approval of the scheme by Securities and Exchange Commission of Pakistan (SECP). Accordingly, the agreed assets/liabilities of stock exchange related business transferred to PSX with effect from January 11, 2016.
- 1.3 SECP has approved the scheme of integration under Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 through its order number 01/2016 dated January 11, 2016. As a consequence of this approval of integration, the name and scope of the ISE has been changed. The new name of the Company is "ISE Towers REIT Management Company Limited".
- 1.4 On January 11, 2016, ISE changed its name and scope of business and got converted from ISE to a REIT Management Company under the repealed 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 form and launch Real Estate Investment Trust (REIT) under Real Estate Investment Trust Regulations, 2015.
- 1.5 The principal activities of the the Company is to earn from launch and manage Real Estate Investment Trust (REIT) under REIT Regulations, 2015.

The geographical location and address of the Company's business unit is as under:

- The registered office of the Company is situated in ISE Tower, 55-B, Jinnah Avenue, Islamabad.

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2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the six months ended December 31, 2018 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 or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 and comparative 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 are extracted from un audited condensed interim financial statements for the six months ended December 31, 2017.

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These interim 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, long term investments - available for sale at fair value and employee benefits at present value.

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

2.3 Functional and presentation currency

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

3 ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2018 except:

a) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a



five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has applied the requirements of IFRS 15 relating to revenue recognition retrospectively, however, assessment has been performed to determine its impact and it has been confirmed that the application of IFRS 15 does not have material effect on the Company's financial statements in the period of initial application, accordingly, comparative information has not been restated.

b) IFRS 9 - Financial Instruments

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

c) Change in accounting policy of revaluation surplus on property and equipment

The Company changed its accounting policy for the revaluation surplus on property and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Detailed impact of change in accounting policy has been provided in the annual financial statements for the year ended June 30, 2018.

Resultantly, the impact of restatement in comparative information has been provided in the condensed interim statement of changes in equity.

4 TAXATION

The provision for taxation for the six month ended December 31, 2018 has been made using the effective tax rate applicable to expected total annual earnings.

5 KEY JUDGMENTS AND ESTIMATES

The preparation of interim financial statements require 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, 2018.



		December 31, 2018	June 30, 2018
		(Rupees in '000)	
	Note	Unaudited	Audited
6	PROPERTY AND EQUIPMENT		
	Operating assets	6.1 896,328	930,139
	Capital work in progress	2,558	-
		<u>898,886</u>	<u>930,139</u>
6.1	Operating assets		
	Opening written down value	930,139	913,777
	Additions during the period / year	6.1.1 661	2,480
	Depreciation charge for the period / year	(34,472)	(67,401)
	Revaluation	-	81,283
	Closing written down value	<u>896,328</u>	<u>930,139</u>
6.1.1	Additions during the period / year		
	Electrical equipment	401	587
	Security equipment	-	193
	Security system	-	999
	Furniture & fixture	-	248
	Office equipment	158	453
	Computers & accessories	102	-
		<u>661</u>	<u>2,480</u>
7	LONG TERM INVESTMENTS - UNDER EQUITY METHOD		
	National Clearing Company of Pakistan Limited (NCCPL)	166,188	152,912
	Pakistan Mercantile Exchange Limited (PMEX)	7.1 -	-
	JCR-VIS Credit Rating Company Limited (JCR-VIS)	7.2 -	4,744
		<u>166,188</u>	<u>157,656</u>
7.1	Pakistan Mercantile Exchange Limited (PMEX)		
	Investment - at cost	61,886	61,886
	Share in post acquisition loss brought forward	7.1.1 (61,886)	(61,886)
		<u>-</u>	<u>-</u>

7.1.1 The Company has not recognised accumulated losses of Rs. Nil (June 30, 2018: Rs. 4.45 million). The share of profit from the said investment will be recognized after its share of the profits exceeds the share of losses not recognized.

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7.2 The Company has reclassified investment in JCR-VIS to available for sale. Previously, the Company was treating investment in JCR-VIS as associate according to the requirements of IAS 28 "Investments in Associates" due to its representation on the board of the directors of investees and consequently, having significant influence. From July 01, 2018 onwards, there is no representation of the Company on the boards of directors.

7.2 The balances of all long term investments have been presented based upon management accounts of associated companies.

	December 31, 2018	June 30, 2018
	(Rupees in '000)	
Note	Unaudited	Audited

8 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Equity investments

Central Depository Company of Pakistan Limited	8.1	107,339	102,677
JCR-VIS Credit Rating Company Limited (JCR-VIS)	8.2	5,210	-
		<u>112,549</u>	<u>102,677</u>

8.1 Central Depository Company of Pakistan Limited

Investment - at cost	47,163	47,163
Fair value adjustment	60,176	55,514
	<u>107,339</u>	<u>102,677</u>

8.1.1 During the period, the Central Depository Company of Pakistan Limited issued 50% bonus shares in proportion to existing pattern of shareholding. The Company has received 2,966,310 shares against issue of these bonus shares.

	December 31, 2018	June 30, 2018
	(Rupees in '000)	
	Unaudited	Audited

8.2 JCR-VIS Credit Rating Company Limited (JCR-VIS)

Investment - at cost	4,756	-
Fair value adjustment	454	-
	<u>5,210</u>	<u>-</u>

8.3 The balances of long term investments have been presented based on management accounts for the half year ended December 31, 2018.

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	December 31, 2018	June 30, 2018
	(Rupees in '000)	
Note	Unaudited	Audited

9 ACCOUNT RECEIVABLES

(Unsecured-considered good)

Due from building tenants

5,369	4,587
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10 OTHER RECEIVABLES

Receivable from members

10.1	-	239
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Receivable from building occupants

10.2	36,517	30,459
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Due from sub lessee

10.3	500	500
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Others

3,333	3,237
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40,350	34,435
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10.1 This represents amount receivable 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.

	December 31, 2018	June 30, 2018
	(Rupees in '000)	
Note	Unaudited	Audited

11 TAX REFUND DUE FROM GOVERNMENT - NET

Income tax - opening

47,431	47,317
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Advance - Income tax paid during the period / year

30,198	57,817
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77,629	105,134
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Provision for the period / year

(28,304)	(57,703)
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Income tax - closing

49,325	47,431
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12 SHORT TERM INVESTMENT

Held to maturity

Treasury Bills

12.1	145,575	193,367
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Term Deposit Receipts

12.2	38,000	-
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183,575	193,367
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12.1 This represents investment in treasury bills (T-Bills) having maturity between January 03, 2019 to January 31, 2019 and carries average yield rate of 8.88% per annum (June 30, 2018: 5.991%).

12.2 This represents four TDRs having maturity between January 02, 2019 to January 03, 2019, carrying average yield rate of 7.43% per annum.

		December 31, 2018	June 30, 2018
		(Rupees in '000)	
Note		Unaudited	Audited

13 CASH AND BANK BALANCES

Cash at banks			
Saving accounts			
- Local currency	13.1	43,196	27,543
- Foreign currency		315	270
		43,511	27,813
Cash in hand		9	35
		43,520	27,848

13.1 Balances in PLS accounts carry effective interest rate ranging between 8% to 8.5% (June 30, 2018: 3.5% to 5.15%) per annum.

		December 31, 2018	June 30, 2018
		(Rupees in '000)	
Unaudited		Unaudited	Audited

14 SHARE CAPITAL

14.1 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/-each			
<u>31-Dec-18</u>	<u>30-Jun-18</u>		
367,186,963	367,186,963	Ordinary shares issued for consideration other than cash	
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, 2018: 700,000,000) ordinary shares of Rs. 10 each amounting to Rs. 7,000,000,000 (June 30, 2018: Rs. 7,000,000,000).

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		December 31, 2018	June 30, 2018
		(Rupees in '000)	
	Note	Unaudited	Audited
15 RESERVES			
Fixed Assets replacement reserve	15.1	83,460	67,280
Surplus on remeasurement of available for sale investment to fair value		60,630	55,514
Unrealized surplus on remeasurement of investments		426	426
Accumulated profit		<u>1,188,693</u>	<u>1,170,369</u>
		<u><u>1,333,209</u></u>	<u><u>1,293,589</u></u>

15.1 Fixed Assets replacement reserve

This represents the reserve created for replacement of fixed assets or any part thereof, relating to ISE Towers. Contribution to the reserve is made at a fixed rate by the tenants/occupants. The Company also set aside/contribute equivalent amount to this reserve from its accumulated profit. The reserve would be transferred to the accumulated profit to the extent of cost incurred on fixed assets relating to ISE Towers.

		December 31, 2018	June 30, 2018
		(Rupees in '000)	
		Unaudited	Audited
16 ACCRUED AND OTHER PAYABLES			
Proceeds from sale of assets of members in default		7,914	9,032
Payable to sub lessees		11,375	11,375
Accrued liabilities		17,329	16,093
Withholding tax payable		57	39
Other payables		<u>6,296</u>	<u>5,021</u>
		<u><u>42,971</u></u>	<u><u>41,560</u></u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

a) Legal case against the Company:

There has been no significant change in the status of contingent liabilities disclosed as at June 30, 2018.

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b) Legal cases against the Company while operating as Stock Exchange:

There has been no significant change in the status of contingent liabilities disclosed as at June 30, 2018.

c) Tax contingencies

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2018, except for the following:

The Company has filed its income tax return for tax year 2018 by declaring operational loss of Rupees 21.874 million and taxable rental income under the head income from property amounting to Rupees 180.783 million. The declared version has been deemed assessed under section 120 of Income Tax Ordinance 2001.

17.2 Commitment

There has been no significant change in the status of commitments disclosed as at June 30, 2018.



Six months ended December 31,		Three months ended December 31,	
2018	2017	2018	2017
Note (Rupees in '000)			
Unaudited			

18 OPERATING INCOME

Rental income from investment property	119,154	109,795	60,200	54,232
Other rentals	3,818	3,760	1,950	1,894
	<u>122,972</u>	<u>113,555</u>	<u>62,150</u>	<u>56,126</u>

19 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	7,128	6,543	3,489	3,619
Directors' remuneration	260	200	170	100
Travelling and lodging	211	191	82	114
Postage, telephone and fax	331	239	148	79
Printing and stationery	584	650	532	574
News papers, books and periodicals	21	14	14	7
Publicity and advertisements	-	7	-	-
Rent, rates and taxes	1,892	2,118	1,387	459
Legal and professional charges	862	1,020	407	590
Auditors' remuneration	120	120	120	120
Contract services (security, janitorial and others)	352	405	162	237
Lease rentals	-	378	-	189
Repairs and maintenance	443	172	385	156
Meetings and entertainment	669	477	518	232
MIS	202	263	113	181
Electricity, gas and water	1,108	1,498	651	928
Insurance	1,627	1,521	808	761
Service charges	1,013	-	1,013	-
Corporate social responsibility	500	-	250	-
Miscellaneous	67	113	43	82
	<u>17,390</u>	<u>15,929</u>	<u>10,292</u>	<u>8,428</u>

20 OTHER OPERATING INCOME

Income from financial assets:

Profit on bank deposits & investment	8,381	5,073	4,530	2,710
Exchange gain	45	7	33	2
Dividend received	3,978	4,575	3,978	4,575

Income from non financial assets:

Room transfer fee	1,001	1,005	161	389
Others	20.1 18,368	17,097	10,632	8,497
	<u>31,773</u>	<u>27,757</u>	<u>19,334</u>	<u>16,173</u>

20.1 This includes car parking fee amounting to Rs. 4.367 million, fixed asset replacement fee amounting to Rs. 8.089 and gain on reclassification of investment amounting to Rs. 0.0108 million.

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Six months ended December 31,		Three months ended December 31,	
2018	2017	2018	2017
Unaudited			

21 EARNING PER SHARE - BASIC AND DILUTED

Profit after tax (Rupees in '000)	87,980	75,684	46,246	37,767
Weighted average number of shares in issue during the year (Number)	367,186,963	367,186,963	367,186,963	367,186,963
Basic and diluted earning per share (Rupee)	0.24	0.21	0.13	0.10

21.1 There is no dilutive effect on basic earnings per share of the company.

Note	December 31,	December 31,
	2018	2017
	(Rupees in '000)	
	----- Unaudited -----	

22 CASH GENERATED FROM OPERATIONS

Profit before taxation		116,006	102,768
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation/amortization		34,591	33,827
Profit on bank deposits & investment		(8,381)	(5,073)
Exchange gain		(45)	(7)
Dividend income		(3,978)	(4,575)
Share of profits from associated companies		(13,277)	(11,244)
Gain on reclassification of investment		(11)	-
Provision for gratuity		1,153	1,153
Provision for compensated absences		552	552
Financial charges		35	31
Working capital changes	22.1	(37,348)	(27,599)
		<u>89,297</u>	<u>89,833</u>

22.1 Changes in working capital

Decrease / (increase) in current assets

Account receivables	(782)	(773)
Advances, deposits and prepayments including long term advance	556	(890)
Deposits and prepayments	-	59
Other receivables	(5,915)	6,370

Increase / (decrease) in current liabilities

Accrued and other payables	1,411	(1,379)
Advances and deposits	(32,618)	(30,986)
	<u>(37,348)</u>	<u>(27,599)</u>

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23 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:

December 31, December 31,
2018 2017
(Rupees in '000)
----- Unaudited -----

Transactions with associates

Associate companies (related parties by virtue of common directors ship)

National Clearing Company of Pakistan Limited

Dividend received by the company	-	-
Expenses incurred on behalf of associate	348	577
Utility charges	868	633
Amount received from associate against expenses	1,164	609

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	154	124
Amount received from associate	133	121

Transactions with directors

Utility charges	1,281	1,280
Amount received against utility charges	1,308	1,254

23.1 Remuneration of chief executive officer, executives and directors

	December 31,		December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
	Chief Executive Officer		Executives		Directors		Total	
	(Rupees in '000)							
Managerial remuneration	1,816	600	3,265	3,564	-	-	5,081	4,164
Gratuity paid	-	1,340	-	-	-	-	-	1,340
Meeting fees	-	-	-	-	260	200	260	200
	1,816	1,940	3,265	3,564	260	200	5,341	5,704
Number of persons	1	1	3	3	10	10	14	14

24 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, account receivables, other receivables, other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six months period ended December 31, 2018, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2018 and June 30, 2018 the Company held financial instruments carried at fair value which comprising long term investment - available for sale. Moreover, Investment property is measured at fair value.

24.1 Investments of the Company carried at fair value are categorised as follows:

As at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees-----			
Financial assets at fair value through other comprehensive income	-	-	112,549	112,549

As at June 30, 2018				
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees-----			
Financial assets at fair value through other comprehensive income	-	-	102,677	102,677

24.2 The investment property was valued on June 30, 2018 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees-----			
Investment property carried at fair value	-	-	3,743,586	3,743,586

As at June 30, 2018				
	Level 1	Level 2	Level 3	Total
Assets	-----Rupees-----			
Investment property carried at fair value	-	-	3,743,586	3,743,586

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24.3 Valuation techniques used to derive level 3 fair values - Investment in property

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Cost of construction
- Quality of maintenance
- Physical condition
- Market price analysis

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	December 31, 2018 (Rupees in '000) Unaudited	June 30, 2018 Audited
Opening balance (level 3 recurring fair values)	3,743,586	3,233,745
Fair value gain arised during the year	-	509,841
Closing balance (level 3 recurring fair values)	<u>3,743,586</u>	<u>3,743,586</u>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

The Company has revalued its leasehold land, buildings on June 30, 2018 by independent valuer M/s Asif Associates (Private) Limited on the basis of market value. The fair value of free hold land and buildings is a level 3 recurring fair value measurement.

Had there been no revaluation, the net book value of the property and equipment would have been Rs. 603.792 million (June 30, 2018: Rs. 629.582 million).

25 CORRESPONDING FIGURES


The comparative figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.


26 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on 22 FEB 2019.

27 GENERAL

Figures have been rounded off to the nearest thousand.


CHAIRMAN


CHIEF EXECUTIVE OFFICER