



ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2017

**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 REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION  
TO THE MEMBERS****Introduction**

We have reviewed the accompanying condensed interim balance sheet of ISE Towers REIT Management Company Limited ("the Company") as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 information 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 condensed interim financial information does not give a true and fair view of financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the six months period then ended in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2017 and December 31, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

ISLAMABAD

DATED: 24 FEB 2018

  
CHARTERED ACCOUNTANTSEngagement Partner: Abdul Qadeer  
**BDO Ebrahim & Co. Chartered Accountants**

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ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
 CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
 AS AT DECEMBER 31, 2017

	Note	December 31, 2017 Unaudited	June 30, 2017 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	881,239	913,777
Intangible assets		407	270
Investment property		3,233,745	3,233,745
Long term investments - under equity method	7	151,399	163,903
Long term investment - available for sale	8	79,037	73,226
Long term advances		50	150
Long term security deposits		14,704	14,704
Deferred tax		94,537	94,295
		<u>4,455,118</u>	<u>4,494,070</u>
<b>CURRENT ASSETS</b>			
Account receivables	9	1,324	551
Advances		4,928	3,938
Deposits and prepayments		2,168	2,227
Interest accrued		1,026	819
Other receivables	10	47,568	30,206
Tax refund due from government - net	11	47,063	47,317
Short term investment - held to maturity	12	129,218	76,939
Cash and bank balances	13	61,644	87,329
		<u>294,939</u>	<u>249,326</u>
<b>TOTAL ASSETS</b>		<u><u>4,750,057</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 / reserves		659,340	619,215
Surplus on remeasurement of available for sale investment to fair value		31,874	26,063
		<u>4,363,084</u>	<u>4,317,148</u>
<b>SURPLUS ON REVALUATION OF PROPERTY &amp; EQUIPMENT</b>		136,080	137,257
<b>NON-CURRENT LIABILITIES</b>			
Advances, deposits and other receipts		28,839	34,821
Deferred liabilities		11,926	11,677
		<u>40,765</u>	<u>46,498</u>
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	16	95,005	96,384
Advances and deposits		115,123	146,109
		<u>210,128</u>	<u>242,493</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,750,057</u></u>	<u><u>4,743,396</u></u>

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
(Rupees in '000)					
<b>Income</b>					
Operating income	18	113,555	112,176	56,126	56,338
<b>Administrative expenses</b>					
Depreciation / amortization		(33,827)	(34,599)	(16,846)	(17,373)
Others	19	(15,929)	(22,983)	(8,428)	(14,401)
		(49,756)	(57,582)	(25,274)	(31,774)
Other operating income	20	27,757	17,609	16,173	10,603
Financial charges		(31)	(30)	(19)	(7)
Operating profit		91,524	72,173	47,006	35,160
Share of profits from associated companies		11,244	14,312	4,490	7,659
Profit before taxation		102,768	86,485	51,496	42,819
Taxation		(27,084)	(28,539)	(13,729)	(14,928)
Profit after taxation		75,684	57,946	37,767	27,891
Earning per share					
- basic and diluted	21	0.21	0.16	0.10	0.08

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016

(Rupees in '000)

Profit after taxation	75,684	57,946	37,767	27,891
<b>Other comprehensive income / (loss)</b>				
Share of other comprehensive loss of associated companies - net of tax	(17)	(95)	(9)	(24)
Surplus on remeasurement of available for sale investment to fair value	5,811	6,987	4,639	6,987
Other comprehensive income after tax	5,794	6,892	4,630	6,963
Total comprehensive income for the period	<u>81,478</u>	<u>64,838</u>	<u>42,397</u>	<u>34,854</u>

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

  
 CHAIRMAN


  
 CHIEF EXECUTIVE OFFICER

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		December 31, 2017	December 31, 2016
	Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	22	89,833	108,255
Gratuity paid		(1,340)	(1,895)
Compensated absences paid		(117)	(552)
Security deposit paid		-	(3)
Income tax paid		(27,072)	(16,054)
Net cash generated from operating activities		<u>61,304</u>	<u>89,751</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,426)	(1,067)
Interest received		4,873	973
Investment made during the period		(52,279)	-
Dividend received		4,575	11,772
Net cash (used in)/generated from investing activities		<u>(44,257)</u>	<u>11,678</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Advances, deposits and other receipts		(5,982)	(45,217)
Dividend paid		(36,719)	-
Financial charges paid		(31)	(30)
Net cash used in financing activities		<u>(42,732)</u>	<u>(45,247)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(25,685)</u>	<u>56,182</u>
Cash and cash equivalents at beginning of the period		<u>87,329</u>	<u>43,806</u>
Cash and cash equivalents at end of the period		<u><u>61,644</u></u>	<u><u>99,988</u></u>

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share capital	Surplus on remeasurement of available for sale investment to fair value	Reserves			Total
			Unrealized surplus on remeasurement of investments	Fixed asset replacement reserve	Unappropriated income	
----- (Rupees in '000) -----						
Balance as at July 01, 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	-	-	-	-	57,946	57,946
Amount collected for fixed assets replacement reserve				3,713	(3,713)	-
Transferred from surplus on revaluation of operating fixed assets - net of deferred tax	-	-	-	-	949	949
Share of other comprehensive loss of associates	-	-	(95)	-	-	(95)
Surplus on remeasurement of available for sale investment	-	6,987	-	-	-	6,987
Balance as at December 31, 2016 (unaudited)	3,671,870	18,480	447	7,278	514,034	4,212,109
Balance as at July 01, 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	-	-	-	-	75,684	75,684
Amount collected for asset replacement (Note 15)	-	-	-	19,009	(19,009)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	1,177	1,177
Share of other comprehensive loss of associates	-	-	(17)	-	-	(17)
Surplus on remeasurement of available for sale investment	-	5,811	-	-	-	5,811
<b>Transaction with owners</b>						
Final dividend for the year ended June 30, 2017 at Rs. 0.10 per share	-	-	-	-	(36,719)	(36,719)
Balance as at December 31, 2017 (unaudited)	3,671,870	31,874	418	51,585	607,337	4,363,084

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 repealed 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 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. The registered office of the Company is situated in ISE Tower, 55-B, Jinnah Avenue, Islamabad.

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 KSE 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 business transferred to PSX with effect from January 11, 2016.

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".

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information is 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.

This condensed interim financial information of the Company for half year ended December 31, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per directions of Securities and Exchange Commission of Pakistan (SECP) issued vide circular no. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountant of Pakistan vide circular no. 17 dated October 06, 2017.



The comparative balance sheet presented in this condensed interim financial information 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 information for the half year ended December 31, 2016.

## **2.2 Basis of measurement**

This condensed interim financial information has 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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

This condensed interim financial information has 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 this condensed interim financial information is 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 information.

## **4 TAXATION**

The provision for taxation for the half year ended December 31, 2017 has been made using the effective tax rate applicable to expected total annual earnings.

## **5 ESTIMATES**

The preparation of condensed interim financial information 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.

*Am*



7.1.1 The Company has not recognised accumulated losses of Rs. 9.560 million (June 30, 2017: Rs. 11.752 million). 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 all long term investments have been presented based upon management accounts of associated companies except National Clearing Company of Pakistan (NCCPL), which has been presented based upon initialed accounts.

	December 31, 2017 (Rupees in '000) Unaudited	June 30, 2017 (Rupees in '000) Audited
<b>8 LONG TERM INVESTMENT - AVAILABLE FOR SALE</b>		
Central Depository Company of Pakistan Limited	47,163	47,163
Fair value adjustment	31,874	26,063
	79,037	73,226

8.1 The balance of long term investment has been presented based on initialed accounts of December 31, 2017 of Central Depository Company of Pakistan Limited.

	December 31, 2017 (Rupees in '000) Unaudited	June 30, 2017 (Rupees in '000) Audited
<b>9 ACCOUNT RECEIVABLES</b>		
(Unsecured-considered good)		
Due from building tenants	1,324	551
<b>10 OTHER RECEIVABLES</b>		
Receivable from members	10.1 239	973
Receivable from building occupants	10.2 21,729	26,354
Due from sub lessee	10.3 500	500
Dividend receivables	23,730	-
Others	1,370	2,379
	47,568	30,206

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.

	Note	December 31,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
<b>11 TAX REFUND DUE FROM GOVERNMENT - NET</b>			
Income tax - opening		47,317	57,269
Advance - Income tax paid during the period / year		27,072	33,084
Reversal of provision for WWF		-	13,814
		<u>74,389</u>	<u>104,167</u>
Provision for the period / year		(27,326)	(56,850)
Income tax - closing		<u>47,063</u>	<u>47,317</u>

**12 SHORT TERM INVESTMENT**

Held to maturity			
Treasury Bills	12.1	129,218	76,939
		<u>129,218</u>	<u>76,939</u>

12.1 This represents investment in treasury bills (T-Bills) having maturity between February to March 2018 and carries yield rate of 5.991% per annum.

	Note	December 31,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
<b>13 CASH AND BANK BALANCES</b>			
Cash at banks			
Saving accounts			
- Local currency	13.1	61,376	87,076
- Foreign currency		238	231
		<u>61,614</u>	<u>87,307</u>
Cash in hand		30	22
		<u>61,644</u>	<u>87,329</u>

13.1 Balances in PLS accounts carry effective interest rate ranging between 3.5% to 5.15% (June 30, 2017: 3.5% to 5.15%) per annum.

	Note	December 31,	June 30,
		2017	2017
		(Rupees in '000)	
		Unaudited	Audited
<b>14 SHARE CAPITAL</b>			

14.1 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/-each		Ordinary shares issued for consideration other than cash	
31-Dec-17	30-Jun-17		
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).

## 15 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.

	December 31, 2017	June 30, 2017
	(Rupees in '000)	
	Unaudited	Audited
<b>16 ACCRUED AND OTHER PAYABLES</b>		
Proceeds from sale of assets of members in default	7,798	7,782
Payable to sub lessees	11,648	11,648
Accrued liabilities	66,217	70,223
Withholding tax payable	45	66
Unclaimed dividend	2,450	2,450
Other payables	6,847	4,215
	<u>95,005</u>	<u>96,384</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, 2017.

#### 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, 2017.

#### c) Tax contingencies

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2017, except for the following.

- i The Company has filed its income tax return for tax year 2017 by declaring operational loss at Rupees 31.920 million and taxable rental income under the head income from property amounting to Rupees 173.992 million. The declared version has been deemed assessed under section 120 of Income Tax Ordinance 2001.
- ii The tax authorities amended the assessment for tax year 2016 under section 221 of the Income Tax Ordinance, 2001 and created a demand of Rs. 31.468 million. The Company filed appeal before the Commissioner Income Tax (Appeals-I) Islamabad who has remanded back the case with directions to conduct the proceeding in fair and just manner. The Company, being aggrieved has preferred to file second appeal before Appellate Tribunal, which is pending for adjudication.

- iii The Company was selected for audit for tax year 2015 and re-assessment was framed by the tax authorities by reducing the tax refund claimed by the Company at Rs. 31.967 million. The tax authorities has also created a tax demand along with default surcharge amounting to Rs. 7.559 million for tax year 2015 while proceeding under section 161/205 the Income Tax Ordinance, 2001. The Company filed appeals before the Commissioner Income Tax (Appeals-I) Islamabad against the said orders and the Commissioner Income Tax Appeals-I has remanded back both the cases with the direction to conduct the proceeding in fair and just manner. The Company, being aggrieved has preferred to file second appeal before Appellate Tribunal in both the cases, which are pending for adjudication.
- iv The Company filed appeal before the Commissioner Income Tax (Appeals-I) Islamabad; who has remanded back the case with directions to conduct the proceeding in fair and just manner. The Company, being aggrieved has preferred to file second appeal before Appellate Tribunal, which is pending for adjudication.
- d) Company's share in the contingencies of associates is Rs. 22.866 million (June 30, 2017: Rs. 22.886 million).

## 17.2 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:

	December 31, 2017	June 30, 2017
	(Rupees in '000)	
	Unaudited	Audited
Not later than one year	189	567
Later than one year but not later than 5 years	-	-
	<u>189</u>	<u>567</u>

*Am*

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016

Note (Rupees in '000)

## 18 OPERATING INCOME

Rental income from investment property	18.1	109,795	108,994	54,232	54,854
Other rentals		3,760	3,182	1,894	1,484
		<u>113,555</u>	<u>112,176</u>	<u>56,126</u>	<u>56,338</u>

18.1 Rental income from investment property includes the income from rented area of 127,554 sq ft (December 31, 2016: 136,778 sq ft).

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016

(Rupees in '000)

## 19 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits		6,543	8,978	3,619	4,275
Directors' remuneration		200	200	100	100
Travelling and lodging		191	167	114	107
Postage, telephone and fax		239	376	79	205
Printing and stationery		650	625	574	581
News papers, books and periodicals		14	12	7	6
Publicity and advertisements		7	4	-	4
Rent, rates and taxes		2,118	6,349	459	5,898
Legal and professional charges		1,020	1,150	590	474
Auditors' remuneration		120	274	120	137
Contract services:					
Security		316	184	181	129
Janitorial		76	39	49	21
Others		13	19	7	6
Lease rentals		378	378	189	189
Repairs and maintenance		172	48	156	33
Meetings and entertainment		477	441	232	225
MIS		263	165	181	81
Electricity, gas and water		1,498	1,138	928	312
Insurance		1,521	1,961	761	1,176
Marketing / R&D		-	72	-	72
Miscellaneous		113	403	82	370
		<u>15,929</u>	<u>22,983</u>	<u>8,428</u>	<u>14,401</u>

## 20 OTHER OPERATING INCOME

### Income from financial assets:

Profit on bank deposits & investment		5,073	1,104	2,710	940
Exchange gain		7	-	2	-
Dividend received		4,575	500	4,575	-

### Income from non financial assets:

Room transfer fee		1,005	2,420	389	2,207
Others	20.1	17,097	13,585	8,497	7,456
		<u>27,757</u>	<u>17,609</u>	<u>16,173</u>	<u>10,603</u>

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

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016

**21 EARNING PER SHARE - BASIC AND DILUTED**

Profit after tax (Rupees in '000)	75,684	57,946	37,767	27,891
Weighted average number of shares in issue during the year (No. of shares)	367,186,963	367,186,963	367,186,963	367,186,963
Basic and diluted earning per share (Rupee)	0.21	0.16	0.10	0.08

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

Note	December 31,	December 31,
	2017	2016
	(Rupees in '000)	
	----- Unaudited -----	

**22 CASH GENERATED FROM OPERATIONS**

Profit before taxation		102,768	86,485
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation/amortization		33,827	34,599
Profit on bank deposits & investment		(5,073)	(1,104)
Exchange gain		(7)	-
Dividend income		(4,575)	(500)
Share of profits from associated companies		(11,244)	(14,312)
Provision for gratuity		1,153	1,317
Provision for compensated absences		552	1,373
Financial charges		31	30
Working capital changes	22.1	(27,599)	368
		<u>89,833</u>	<u>108,255</u>

**22.1 Changes in working capital**

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

Accounts receivables		(773)	322
Advances, deposits, prepayments and other receivables including long term advances		5,539	2,929
		<u>4,766</u>	<u>3,251</u>

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

Advances and deposits		(30,986)	1,925
Accrued and other payables		(1,379)	(4,808)
		<u>(32,365)</u>	<u>(2,883)</u>
		<u>(27,599)</u>	<u>368</u>

**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:



**Transactions with associates**

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

**National Clearing Company of Pakistan Limited**

Dividend received by the company	-	11,272
Expenses incurred on behalf of associate	577	232
Amount received from associate against expenses	337	232
Utility charges	601	681

**Pakistan Mercantile Exchange Limited (PMEX)**

Utility charges	120	122
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**Transactions with directors**

Utility charges	981	1,039
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**23.1 Remuneration of Chief Executive Officer, Executives and Directors**

	December 31,		December 31,		December 31,		December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Chief Executive Officer	Executives		Directors		Total			
(Rupees in '000)								
Managerial remuneration	600	2,680	3,564	1,560	-	-	4,164	4,240
Leave encashment	-	244	-	-	-	-	-	244
Gratuity paid	1,340	1,340	-	-	-	-	1,340	1,340
Meeting fees	-	-	-	-	200	200	200	200
	1,940	4,264	3,564	1,560	200	200	5,704	6,024
Number of persons	1	1	3	2	10	10	14	13

The Chief Executive Officer has been provided with Company maintained car (with monthly petrol entitlement: 300 Litres), health insurance, telephone, security guard services and repair & maintenance of car as per Company policy.

**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:

- 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 trade and 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 month period to December 31, 2017, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2017 and June 30, 2017 the Company held financial instruments carried at fair value which comprising long term investment - available for sale. Moreover, Investment property is measured to fair value.

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

**Assets**

Financial assets at fair value through other comprehensive income

As at December 31, 2017			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			

-	-	79,037	79,037
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**Assets**

Financial assets at fair value through other comprehensive income

As at June 30, 2017			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			

-	-	73,226	73,226
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24.2 The investment property was valued on June 30, 2016 carried out by external independent valuer M/s Asif Associates (Private) Limited.

**Assets**

Investment in property carried at fair value

As at December 31, 2017			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			

-	-	3,233,745	3,233,745
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**Assets**

Investment in property carried at fair value

As at June 30, 2017			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			

-	-	3,233,745	3,233,745
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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, 2017 (Rupees in '000) Unaudited	June 30, 2017 Audited
Opening balance (level 3 recurring fair values)	3,233,745	3,233,745
Additions - fair value	-	-
Deletion - fair value	-	-
Fair value gain arised during the year	-	-
Closing balance (level 3 recurring fair values)	3,233,745	3,233,745

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

The Company has revalued its leasehold land, buildings on June 30, 2016 and other assets on June 30, 2014 by independent valuer M/s Asif Associates (Private) Limited on the basis of market value. The fair value of free hold land, buildings and plant and machinery is a level 3 recurring fair value measurement.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:



Leasehold land  
 Building on leasehold land  
 Electrical equipment  
 HVAC equipment  
 Plumbing installations  
 Elevators  
 Security equipment  
 IT equipment  
 Security systems  
 Furniture and fixture  
 Office equipment  
 Vehicles - owned  
 Computers and accessories

	December 31, 2017 (Rupees in '000) Unaudited	June 30, 2017 Audited
	267,318	268,958
	299,990	304,667
	22,474	26,846
	50,207	62,545
	1,456	1,835
	5,278	6,651
	1,153	1,408
	1,282	2,081
	496	151
	4,894	4,901
	1,769	1,558
	256	325
	137	445

25 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on 24 FEB 2018

26 GENERAL

Figures have been rounded off to the nearest thousand.

*hm*

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER