

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2018

	Note	Sep 30, 2018 (Rupees in '000) Unaudited	June 30, 2018 Audited
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	914,623	930,139
Intangible assets		874	695
Investment property		3,743,586	3,743,586
Long term investments - under equity method		163,611	157,656
Long term investment - available for sale		103,499	102,677
Long term security deposits		14,703	14,704
Deferred tax		87,023	87,023
		<u>5,027,919</u>	<u>5,036,480</u>
CURRENT ASSETS			
Account receivables	7	7,073	4,587
Advances, deposits and prepayments		9,180	8,344
Interest accrued		2,270	1,704
Other receivables	8	45,856	34,344
Tax refund due - net	9	48,141	47,431
Short term investment - held to maturity	10	195,345	193,367
Cash and bank balances	11	29,337	27,848
		<u>337,202</u>	<u>317,625</u>
TOTAL ASSETS		<u><u>5,365,121</u></u>	<u><u>5,354,105</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
700,000,000 (June 30, 2018: 700,000,000) ordinary shares of Rs. 10 each.		<u>7,000,000</u>	<u>7,000,000</u>
Issued, subscribed and paid up capital		3,671,870	3,671,870
Surplus on revaluation of property and equipment		208,282	209,068
Other reserves	12	<u>1,337,059</u>	<u>1,293,588</u>
		<u>5,217,211</u>	<u>5,174,526</u>
NON-CURRENT LIABILITIES			
Advances and deposits		22,738	23,988
Deferred liabilities		14,187	13,697
		<u>36,925</u>	<u>37,685</u>
CURRENT LIABILITIES			
Accrued and other payables	13	42,767	41,560
Advances and deposits - current		66,522	97,284
Unclaimed dividend		1,696	3,050
		<u>110,985</u>	<u>141,894</u>
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,365,121</u></u>	<u><u>5,354,105</u></u>

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

		Three months ended	
		Sep 30,	
		2018	2017
Note	(Rupees in '000)		
Income			
	15	60,822	57,429
Administrative expenses			
	16	(17,294)	(16,981)
	16	(7,098)	(7,501)
		(24,392)	(24,482)
	17	12,439	11,585
		(11)	(12)
		48,857	44,520
		5,955	6,754
		54,812	51,274
		(13,079)	(13,355)
		41,733	37,919
Earning per share			
		0.11	0.10

The annexed notes from 1 to 22 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 THREE MONTHS ENDED SEPTEMBER 30, 2018

Three months ended Sep 30,	
2018	2017
(Rupee)	

Profit after taxation	41,733	37,919
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Other comprehensive income / (loss)

Share of other comprehensive (loss) / income of associated companies - net of tax

Surplus on remeasurement of available for sale investment to fair value

-	(8)
822	1,172

Other comprehensive income after tax	822	1,164
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Total comprehensive income for the period	42,555	39,083
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The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Sep 30, 2018	Sep 30, 2017
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	19 17,411	18,680
Gratuity paid	(160)	-
Compensated absences paid	(204)	(117)
Income tax paid	(13,659)	(14,817)
Net cash generated from operating activities	<u>3,388</u>	<u>3,746</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,957)	(1,321)
Interest received	3,297	2,527
Investment made during the period	(1,978)	(47,263)
Net cash used in investing activities	<u>(638)</u>	<u>(46,057)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advances, deposits and other receipts	(1,250)	(2,643)
Financial charges paid	(11)	(12)
Net cash used in financing activities	<u>(1,261)</u>	<u>(2,655)</u>
Net increase / (decrease) in cash and cash equivalents	1,489	(44,966)
Cash and cash equivalents at beginning of the period	27,848	87,329
Cash and cash equivalents at end of the period	<u>29,337</u>	<u>42,363</u>

The annexed notes from 1 to 22 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 THREE MONTHS ENDED SEPTEMBER 30, 2018

Lines to be draw

Share capital	Capital Reserves			Revenue Reserves				Total
	Surplus on revaluation of property and equipment	Fixed assets replacement reserve	Total capital reserve	Unrealized surplus on remeasurement of available for sale investment to fair value	Unrealized surplus on remeasurement of associates' investments	Unappropriated income *	Total revenue reserve	
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	169,833	26,063	435	586,204	612,702	4,454,405
-	-	-	-	-	-	37,919	37,919	37,919
-	9,113	9,113	9,113	-	-	(9,113)	(9,113)	-
-	-	-	-	-	-	589	589	589
-	-	-	-	-	(8)	-	(8)	(8)
-	-	-	-	1,172	-	-	1,172	1,172
3,671,870	137,257	41,689	178,946	27,235	427	615,599	643,261	4,494,077
3,671,870	209,068	67,280	276,348	55,514	426	1,170,368	1,226,308	5,174,526
-	-	-	-	-	-	41,733	41,733	41,733
-	7,842	7,842	7,842	-	-	(7,842)	(7,842)	-
-	(916)	-	(916)	-	-	916	916	-
-	-	-	-	822	-	-	822	822
3,671,870	208,152	75,122	283,274	56,336	426	1,205,175	1,261,937	5,217,081

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 / contributed to fixed asset 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
Balance as at September 30, 2017 (unaudited)

Balance as at June 30, 2018 (audited)

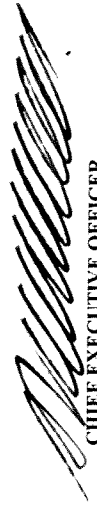
Total comprehensive income for the period:

Profit for the period after taxation
Amount collected / contributed to fixed asset replacement reserve (note 12)
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax
Surplus on remeasurement of available for sale investment
Balance as at September 30, 2018 (unaudited)

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

* The Board of Directors has recommended the final dividend of 1.5% out of the unappropriated profit for financial year ended June 30, 2018.

CHAIRMAN



CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND OPERATIONS

- 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. On August 27, 2012 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.
- 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).
- 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 and accordingly, the agreed assets / liabilities of stock exchange business transferred to PSX with effect from January 11, 2016. 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) Schemes under Real Estate Investment Trust Regulations, 2015.
- 1.5 The principal activities of the the Company is to form, launch and manage Real Estate Investment Trust (REIT) Schemes 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited 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 three months ended September 30, 2018 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 Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The comparative statement of financial position 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, 2018, whereas the comparative condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited financial information for the three months ended September 30, 2017.

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. Amounts presented in the financial information have been rounded off to the nearest of thousand Rupees.

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, 2018.

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 three months ended September 30, 2018 has been made using the effective tax rate applicable to expected total annual earnings.

5 ESTIMATES

The preparation of this condensed financial information in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting 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.

		Sep 30, 2018	June 30, 2018
		(Rupees in '000)	
	Note	Unaudited	Audited
6 PROPERTY AND EQUIPMENT			
Operating assets	6.1	913,311	930,139
Capital work in progress		1,312	-
		<u>914,623</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	417	2,480
Revaluation surplus		-	81,283
Depreciation charge for the period / year		(17,245)	(67,401)
Closing written down value		<u>913,311</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		16	453
		<u>417</u>	<u>2,480</u>

		Sep 30, 2018	June 30, 2018
		(Rupees in '000)	
	Note	Unaudited	Audited
7	ACCOUNT RECEIVABLES		
	(Unsecured-considered good)		
	Rent due from building tenants	<u>7,073</u>	<u>4,587</u>
8	OTHER RECEIVABLES		
	Receivable from members	239	239
	Receivable from building occupants - utilities / services	41,957	30,459
	Due from sub lessee	500	500
	Others	<u>3,160</u>	<u>3,146</u>
		<u>45,856</u>	<u>34,344</u>

8.1 This represents amount receivable from Ex-TREC holders on account of inactive membership fees.

8.2 This represents receivables from occupants of building on account of utilities and other maintenance services.

8.3 This represents receivables from a party to whom office space in ISE Towers have been sold/sub leased.

	Note	Sep 30,	June 30,
		2018	2018
		(Rupees in '000)	
		Unaudited	Audited
9 TAX REFUND DUE - NET			
Income tax - opening		47,431	47,317
Advance income tax paid during the period / year		13,659	57,817
		61,090	105,134
Provision for the period / year		(12,949)	(57,703)
Income tax - closing		48,141	47,431

10 SHORT TERM INVESTMENT

Held to maturity			
Treasury Bills	10.1	195,345	193,367
		195,345	193,367

10.1 This represents investment in treasury bills (T-Bills) having maturity between October to November 2018 and carries yield rate of 7.72% (June 30, 2018: 6.30%) per annum.

	Note	Sep 30,	June 30,
		2018	2018
		(Rupees in '000)	
		Unaudited	Audited
11 CASH AND BANK BALANCES			
Cash at banks			
Saving accounts			
- Local currency	11.1	29,030	27,543
- Foreign currency		281	270
		29,311	27,813
Cash in hand		26	35
		29,337	27,848

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

12 OTHER RESERVES		Sep 30,	June 30,
		2018	2018
		(Rupees in '000)	
		Unaudited	Audited
Capital reserve			
-Fixed assets replacement reserve	12.1	75,122	67,280
Revenue reserves		1,261,937	1,226,308
		<u>1,337,059</u>	<u>1,293,588</u>

12.1 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.

13 ACCRUED AND OTHER PAYABLES		Sep 30,	June 30,
		2018	2018
		(Rupees in '000)	
		Unaudited	Audited
Proceeds from sale of assets of members in default		8,894	9,032
Payable to sub lessees		11,375	11,375
Accrued liabilities		16,600	16,093
Withholding tax payable		176	39
Other payables		5,722	5,021
		<u>42,767</u>	<u>41,560</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingent Liabilities

a) Legal case against the Company:

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

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.

d) Company's share in the contingencies of associates is Rs. 22.57 million (June 30, 2018: Rs. 22.57 million).

14.2 Contingent asset

The Company has a claim of Rs. 2.64 million (June 30, 2018: Rs. 2.64 million) against AWJ Securities (Pvt) Limited on account of unpaid rent and utilities charges for office premises previously rented to AWJ Securities (Pvt) Limited. No income has been recognized in these condensed interim financial information as realization of income is virtually uncertain.

14.3 Commitment

a) Company's commitment for capital expenditure is Rs. 39 million (June 30, 2018: Rs. 40 million)

		September 30,	
		2018	2017
Note		(Rupees in '000)	
15	OPERATING INCOME		
	Rental income from investment property	58,954	55,563
	Other rentals	1,868	1,866
		<u>60,822</u>	<u>57,429</u>
16	OTHER ADMINISTRATIVE EXPENSES		
	Salaries and benefits	3,639	2,924
	Directors' remuneration	90	100
	Travelling and lodging	129	76
	Postage, telephone and fax	183	161
	Printing and stationery	52	77
	News papers, books and periodicals	7	8
	Publicity and advertisements	-	7
	Rent, rates and taxes	505	1,658
	Legal and professional charges	455	430
	Contract services	190	167
	Lease rentals	-	189
	Repairs and maintenance	58	16
	Meetings and entertainment	151	244
	MIS / technology charges	89	82
	Electricity, gas and water	457	570
	Insurance	819	761
	Corporate social responsibility	250	-
	Miscellaneous	24	31
		<u>7,098</u>	<u>7,501</u>

September 30,	
2018	2017
(Rupees in '000)	

Note

17 OTHER OPERATING INCOME

Income from financial assets:

Profit on bank deposits & investment	3,851	2,363
Exchange gain	12	5

Income from non financial assets:

Room transfer fee	840	616
Asset replacement fee	3,921	4,556
Others	3,815	4,045
	<u>12,439</u>	<u>11,585</u>

18 EARNING PER SHARE - BASIC AND DILUTED

Profit after tax (Rupees in '000')	<u>41,733</u>	<u>37,919</u>
Weighted average number of shares in issue during the year (No. of shares)	<u>367,186,963</u>	<u>367,186,963</u>
Basic and diluted earning per share (Rupee)	<u>0.11</u>	<u>0.10</u>

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

19 CASH GENERATED FROM OPERATIONS

		September 30,	
		2018	2017
		(Rupees in '000)	
Profit before taxation		54,812	51,274
Adjustment for non-cash charges and other items:			
Depreciation/amortization		17,294	16,981
Profit on bank deposits & investment		(3,851)	(2,363)
Exchange gain		(12)	(5)
Share of profits from associated companies		(5,955)	(6,754)
Provision for gratuity		576	576
Provision for compensated absences		276	276
Financial charges		11	12
Working capital changes	19.1	(45,740)	(41,316)
		17,411	18,680

19.1 Changes in working capital

(Increase) / Decrease in current assets

Accounts receivables	(2,486)	(829)
Advances, deposits, prepayments and other receivables including	(12,346)	(4,683)
	(14,832)	(5,512)

(Decrease) / Increase in current liabilities

Advances and deposits	(30,761)	(34,629)
Accrued and other payables	(147)	(1,175)
	(30,908)	(35,804)
	(45,740)	(41,316)

20 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,	
2018	2017
(Rupees in '000)	

Transactions with associates

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

National Clearing Company of Pakistan Limited

Expenses incurred on behalf of associate	186	485
Amount received from associate against expenses	263	248
Utility charges	348	313

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	63	60
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Transactions with directors

Amount received against utility charges	558	610
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20.1 Remuneration of Chief Executive Officer, Executives and Directors

September 30, 2018		September 30, 2017		September 30, 2018		September 30, 2017	
Chief Executive		Executives		Directors		Total	
(Rupees in '000)							

Managerial remuneration	900	-	1,782	1,782	-	-	2,682	1,782
Meeting fees	-	-	-	-	90	100	90	100
	900	-	1,782	1,782	90	100	2,772	1,882

Number of persons	1	1	3	3	10	10	14	14
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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.

21 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on _____.

22 GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


CHAIRMAN


CHIEF EXECUTIVE OFFICER