

Directors' Report

The Board of Directors is pleased to present its report along with the condensed interim unaudited financial statements for the three months period ended September 30, 2019

Financial Results

The Company recorded a net profit of Rs. 52.52 million for the quarter ended September 30, 2019 with EPS of Re. 0.14 per share which is 26% higher than comparative period EPS of Re. 0.11. The operating revenue of the Company for the period recorded an increase of 12% over the comparative period. Other income amounting to Rs. 19.80 million witnessed an increase of 56% over the comparative period figure of other income i.e. Rs 12.70 million. The increase is mainly on account of increase in profit on bank deposits & investments. Administrative expenses for the period increased by 9% mainly on account of annual increment in staff salaries and inflationary impact on other administrative expenses.

The Balance sheet footing of September 30, 2019 remained on strong footing at Rs. 5,570.15 million with an increase of Rs. 34.54 million.

Business Overview

The ISE Towers REIT Scheme is like a flagship project for the Company and the Company is endeavoring hard to accomplish this project. In this regard, all formalities for obtaining completion certificate have been fulfilled by the Company and the matter is in final stages of the Building Control Section of the civic regulatory body for its formal approval. Besides, ground work for IPO is also ready and soon after completion certificate, REIT Scheme will be launched. The Company has also been exploring many options in order to launch developmental REIT Schemes through joint venture.

The Real estate sector in Pakistan has impressive figures over the past decade. Moreover, the successive Governments have been making efforts to document this important and vibrant sector of the economy which will start bearing fruit in the time to come. The recent plan of the Government to introduce special tax legislation for construction industry thereby offering lower tax rates will also give boost to this sector. The Company has also done an extensive work and suggested measures to FBR, SBP and SECP to harmonize the relevant rules and regulations in line with best international practices in order to support the REIT Sector. In light of all these factors, REIT, being the documented and transparent form of Real Estate has a great potential to grow. The Company is therefore making all its efforts to tap this opportunity.

The Company is also looking into various opportunities for diversifying its business within its domain and as a first step, the Company has entered into a Share Purchase Agreement with MCB Bank Limited for acquisition of its subsidiary MCB Financial Services Limited, a Trustee Company in collaboration with an IT company M/s Infotech (Private) Limited in the ratio of 10:90 respectively.

Acknowledgement

In the end, the Board wishes to thank all the stakeholders of the Company, Government of Pakistan and Securities & Exchange Commission of Pakistan for their patronage and support. The Board also wishes to place appreciation to the staff for their dedicated hard work.

On behalf of Board of Directors

Sagheer Mushtaq
Acting Chief Executive Officer



Islamabad, October 28, 2019


Zahid Latif Khan
Chairman

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Rupees in '000) Unaudited	June 30, 2019 Audited
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	910,154	919,793
Intangible assets		661	730
Investment property		3,743,586	3,743,586
Long term investments	7	308,753	300,262
Long term security deposits and advances		14,818	14,876
Deferred tax		87,657	87,561
		<u>5,065,629</u>	<u>5,066,808</u>
CURRENT ASSETS			
Account receivables	8	4,443	1,393
Advances, deposits and prepayments		7,187	6,387
Interest accrued		7,061	4,471
Other receivables	9	53,237	43,498
Tax refund due from government - net	10	45,370	54,759
Short term investment	11	315,749	316,876
Cash and bank balances	12	71,474	41,422
		<u>504,521</u>	<u>468,806</u>
TOTAL ASSETS		<u><u>5,570,150</u></u>	<u><u>5,535,614</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
700,000,000 (June 30, 2019: 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	13	3,671,870	3,671,870
Surplus on revaluation of property and equipment		205,156	205,862
Other reserves	14	<u>1,500,530</u>	<u>1,443,747</u>
		<u>5,377,556</u>	<u>5,321,479</u>
NON-CURRENT LIABILITIES			
Advances, deposits and other receipts		17,754	17,754
Deferred liabilities		15,821	14,920
		<u>33,575</u>	<u>32,674</u>
CURRENT LIABILITIES			
Accrued and other payables	15	45,269	45,218
Advances and deposits	16	109,488	131,962
Unclaimed dividend		4,262	4,281
		<u>159,019</u>	<u>181,461</u>
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,570,150</u></u>	<u><u>5,535,614</u></u>

The annexed notes from 1 to 26 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 THREE MONTHS ENDED SEPTEMBER 30, 2019

	Note	September 30	
		2019	2018
		(Rupees in '000)	
Income			
Operating income	18	68,139	60,822
Administrative expenses			
Depreciation / amortization		(16,997)	(17,294)
Others	19	(8,010)	(7,357)
		(25,007)	(24,651)
Other income	20	19,796	12,698
Financial charges		(27)	(11)
Operating profit		62,901	48,857
Share of profits from associated companies		4,928	5,955
Profit before taxation		67,829	54,812
Taxation		(15,315)	(13,079)
Profit after taxation		52,514	41,733
Earning per share			
- basic and diluted		0.14	0.11

The annexed notes from 1 to 26 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 THREE MONTHS ENDED SEPTEMBER 30, 2019

September 30	
2019	2018

(Rupees)

Profit after taxation 52,514 41,733

Other comprehensive income


Share of other comprehensive income of associated companies	-	-
Surplus on remeasurement of equity investment - FVOCI	3,563	822

Other comprehensive income	3,563	822
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Total comprehensive income for the period	56,077	42,555
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The annexed notes from 1 to 26 form an integral part of these interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

		September 30,	
	Note	2019	2018
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		67,828	54,812
Adjustment for non-cash charges and other items	21	1,764	8,339
		69,592	63,151
Working capital changes			
(Increase) / decrease in current assets			
Accounts receivables		(3,050)	(2,486)
Advances, deposits, prepayments and other receivables including long term advances		(10,481)	(12,346)
		(13,531)	(14,832)
Increase / (decrease) in current liabilities			
Advances and deposits		(22,474)	(30,761)
Accrued and other payables		874	(147)
		(21,600)	(30,908)
Cash generated from operations		34,461	17,411
Gratuity paid		(594)	(160)
Compensated absences paid		(446)	(204)
Income tax paid		(6,023)	(13,659)
Net cash generated from operating activities		27,398	3,388
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(7,935)	(1,957)
Proceeds from sale of assets		826	-
Interest received		8,663	3,297
Investment made during the period		-	(1,978)
Investment encashed during the period		1,127	-
Net cash generated / (used) in investing activities		2,681	(638)
CASH FLOW FROM FINANCING ACTIVITIES			
Advances, deposits and other receipts		-	(1,250)
Financial charges paid		(27)	(11)
Net cash used in financing activities		(27)	(1,261)
Net increase in cash and cash equivalents		30,052	1,489
Cash and cash equivalents at beginning of the period		41,422	27,848
Cash and cash equivalents at end of the period		71,474	29,337

The annexed notes from 1 to 26 form an integral part of these interim financial statements.


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, 2019

	Capital reserve				Revenue reserves				Total
	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Fixed asset replacement reserve	Total capital reserves	Surplus on remeasurement of investments to fair value	Unrealized surplus on remeasurement of associates' investments	Accumulated profit	Total revenue reserves	
	(Rupees in '000)								
Balance as at June 30, 2018 - audited	3,671,870	209,068	67,280	276,348	55,514	426	1,170,368	1,226,308	5,174,526
Total comprehensive income for the period:	-	-	-	-	-	-	41,733	41,733	41,733
Profit for the period after taxation	-	-	-	-	-	-	(7,842)	(7,842)	-
Amount appropriated for fixed assets replacement reserve	-	-	7,842	7,842	-	-	-	-	-
Transfer to accumulated profit on account of incremental depreciation on revaluation surplus of property and equipment - net of deferred tax	-	(916)	-	(916)	-	-	916	916	-
Surplus on remeasurement of equity investment - FVOCI	-	-	-	-	822	-	-	822	822
Balance as at September 30, 2018 - unaudited	3,671,870	208,152	75,122	283,274	56,336	426	1,205,175	1,261,937	5,217,981
Balance as at July 01, 2019 - audited	3,671,870	205,862	62,118	267,980	67,788	426	1,313,415	1,381,629	5,321,479
Total comprehensive income for the period:	-	-	-	-	-	-	52,514	52,514	52,514
Profit for the period after taxation	-	-	-	-	-	-	(10,561)	(10,561)	-
Amount appropriated for asset replacement reserve	-	-	10,561	10,561	-	-	19,782	19,782	-
Amount utilized from fixed assets replacement reserve	-	-	(19,782)	(19,782)	-	-	-	-	-
Transfer to accumulated profit on account of incremental depreciation on revaluation surplus of property and equipment - net of deferred tax	-	(706)	-	(706)	-	-	706	706	-
Surplus on remeasurement of equity investment - FVOCI	-	-	-	-	3,563	-	-	3,563	3,563
Balance as at September 30, 2019 - unaudited	3,671,870	205,156	52,897	258,053	71,351	426	1,375,856	1,447,633	5,377,556

Balance as at June 30, 2018 - audited

Total comprehensive income for the period:

Profit for the period after taxation

Amount appropriated for fixed assets replacement reserve

Transfer to accumulated profit on account of incremental depreciation on revaluation surplus of property and equipment - net of deferred tax

Surplus on remeasurement of equity investment - FVOCI

Balance as at September 30, 2018 - unaudited

Balance as at July 01, 2019 - audited

Total comprehensive income for the period:

Profit for the period after taxation

Amount appropriated for asset replacement reserve

Amount utilized from fixed assets replacement reserve

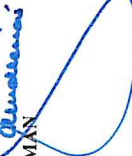
Transfer to accumulated profit on account of incremental depreciation on revaluation surplus of property and equipment - net of deferred tax

Surplus on remeasurement of equity investment - FVOCI

Balance as at September 30, 2019 - unaudited

The annexed notes from 1 to 26 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 THREE MONTHS ENDED SEPTEMBER 30, 2019

1 CORPORATE AND GENERAL INFORMATION

1.1 STATUS AND NATURE OF OPERATION

- 1.1.1 ISE Towers REIT Management Company Limited ("the Company") was initially incorporated as Islamabad Stock Exchange (Guarantee) limited (ISE) in Islamabad, Pakistan on October 25, 1989, under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as a company limited by guarantee for the purpose of carrying out business of stock exchange. 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.
- 1.1.2 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 to change the name and scope of the Company subject to approval of the scheme by Securities and Exchange Commission of Pakistan (SECP).
- 1.1.3 SECP has approved the scheme of integration under Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act) 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" which has been licensed as NBFC.
- 1.1.4 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 were 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) under Real Estate Investment Trust Regulations, 2015.
- 1.1.5 The principal activities of the the Company is to 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 at ISE Towers, 55-B, Jinnah Avenue, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the three months ended September 30, 2019 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 annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 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 an audited condensed interim financial statements for the three months ended September 30, 2018.

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 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, 2019.

4 TAXATION

The provision for taxation for the three months ended September 30, 2019 has been made using the effective tax rate applicable to earnings of the Company.

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, 2019.

		September 30, 2019	June 30, 2019
		(Rupees in '000)	
6	PROPERTY AND EQUIPMENT	Note	Audited
	Operating assets	6.1	907,048
	Capital work in progress	6.2	19,717
			<u>910,154</u>
			<u>919,793</u>
6.1	Operating assets		
	Opening written down value		900,076
	Additions during the period / year	6.1.1	24,546
	Deletion (net book value) during the period / year		(647)
	Written off during the period / year		-
	Depreciation charge for the period / year		(16,927)
	Closing written down value		<u>907,048</u>
			<u>930,139</u>
			<u>42,069</u>
			<u>(3,331)</u>
			<u>(722)</u>
			<u>(68,079)</u>
			<u>900,076</u>
6.1.1	Additions during the period / year		
	Electrical equipment		-
	Elevators		19,782
	Security equipment		-
	Security system		75
	IT equipment		45
	Furniture & fixture		184
	Office equipment		113
	Vehicles		4,467
	Computers & accessories		-
			<u>24,546</u>
			<u>42,069</u>
6.2	This represents the cost for procurement and installation of lifts which are under installation at ISE Towers and cost of security system / equipment.		

		September 30, 2019	June 30, 2019
		(Rupees in '000)	
7	LONG TERM INVESTMENTS	Note	Audited
	Under Equity Method	7.1	185,483
	Equity Investments - FVOCI	7.2	119,707
			<u>308,753</u>
			<u>300,262</u>

7.1	Long term investments - Under Equity Method	Note	September 30,	June 30,
			2019	2019
			(Rupees in '000)	
			Unaudited	Audited
	National Clearing Company of Pakistan Limited (NCCPL)		180,554	175,626
	Pakistan Mercantile Exchange Limited (PMEX)		4,929	4,929
			<u>185,483</u>	<u>180,555</u>

7.1.1 The balances of long term investment in PMEX has been presented based on annual accounts for the year ended June 30, 2019.

7.2	Equity investments - FVOCI	Note	September 30,	June 30,
			2019	2019
			(Rupees in '000)	
			Unaudited	Audited
	Central Depository Company of Pakistan Limited		118,034	114,641
	VIS Credit Rating Company Limited		5,236	5,066
			<u>123,270</u>	<u>119,707</u>

8 ACCOUNT RECEIVABLES

(Unsecured-considered good)

Due from building tenants - rental

Considered doubtful based on expected credit loss (ECL)

Allowance for ECL

4,443	1,393
167	167
<u>4,610</u>	<u>1,560</u>
<u>(167)</u>	<u>(167)</u>
<u>4,443</u>	<u>1,393</u>

9 OTHER RECEIVABLES

(Unsecured-considered good)

Receivable from members

Receivable from building occupants

Due from sub lessee

Others

Considered doubtful

Allowance for ECL

-	-
9.1 52,101	42,376
9.2 500	500
636	622
<u>53,237</u>	<u>43,498</u>
<u>1,040</u>	<u>1,040</u>
<u>54,277</u>	<u>44,538</u>
<u>(1,040)</u>	<u>(1,040)</u>
<u>53,237</u>	<u>43,498</u>

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

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

		September 30, 2019	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
10	TAX REFUND DUE FROM GOVERNMENT - NET		
	Income tax - opening	54,759	47,431
	Advance - income tax paid during the period / year	6,022	65,854
		<u>60,781</u>	<u>113,285</u>
	Provision for the period / year	(15,411)	(58,526)
	Income tax - closing	<u>45,370</u>	<u>54,759</u>

11 SHORT TERM INVESTMENT

	Treasury bills	11.1	261,749	262,876
	Term deposit receipts	11.2	54,000	54,000
			<u>315,749</u>	<u>316,876</u>

11.1 This represents investment in treasury bills (T-Bills) having maturity on December 05, 2019 and carries yield rate ranging from 13.663% to 13.736% (June 30, 2019 : 10.95% to 12.73%) per annum.

11.2 This represents investment in term deposit receipts (TDRs) having maturity on May 22, 2020 and carries yield rate of 11.75% (June 30, 2019 : 11.75%) per annum.

		September 30, 2019	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
12	CASH AND BANK BALANCES		
	Cash at banks		
	Saving accounts		
	- Local currency	12.1	71,089
	- Foreign currency		41,065
			<u>354</u>
			<u>71,443</u>
	Cash in hand		31
			<u>1</u>
			<u>71,474</u>
			<u>41,422</u>

12.1 Balances in saving accounts carry interest rate of 10.25% (June 30, 2019: 10.25%) per annum.

		September 30, 2019 (Rupees in '000) Unaudited	June 30, 2019 (Rupees in '000) Audited
13	SHARE CAPITAL		
13.1	Issued, subscribed and paid up capital:		
	Number of ordinary shares of Rs.10/-each		
	<u>30-Sep-19</u> <u>30-Jun-19</u>		
			Ordinary shares issued for consideration other than
	<u>367,186,963</u> <u>367,186,963</u> cash	<u>3,671,870</u>	<u>3,671,870</u>

13.2 Authorized share capital

Authorized share capital represents 700,000,000 (June 30, 2019: 700,000,000) ordinary shares of Rs. 10 each amounting to Rs. 7,000,000,000 (June 30, 2019: Rs. 7,000,000,000).

		September 30, 2019 (Rupees in '000) Note	June 30, 2019 (Rupees in '000) Audited
14	OTHER RESERVES		
	Capital reserve		
	- Fixed assets replacement reserve	14.1 52,897	62,118
	Revenue reserves	<u>1,447,633</u>	<u>1,381,629</u>
		<u>1,500,530</u>	<u>1,443,747</u>
14.1	Fixed assets replacement reserve		
	Opening	62,118	67,280
	Contribution for the period / year	<u>10,561</u>	<u>33,300</u>
		72,679	100,580
	Reserve utilized during the period / year	<u>(19,782)</u>	<u>(38,462)</u>
	Closing	14.1.1 <u>52,897</u>	<u>62,118</u>

14.1.1 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 profit.

September 30, 2019	June 30, 2019
(Rupees in '000)	
Unaudited	Audited

15 ACCRUED AND OTHER PAYABLES

Proceeds from sale of assets of members in default	8,025	8,025
Payable to sub lessees	11,375	11,375
Accrued liabilities	17,256	17,152
Withholding tax payable	729	82
Other payables	7,884	8,584
	<u>45,269</u>	<u>45,218</u>

16 ADVANCES AND DEPOSITS

Deposit from members against exposure	325	325
Current portion of advance rent	95,513	117,987
Clearing house deposits	3,210	3,210
Security deposits	68	68
Retention money	9,998	9,998
Others	374	374
	<u>109,488</u>	<u>131,962</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, 2019.

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, 2019.

c) Tax contingencies

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2019.

17.2 Commitment

There has been no significant change in the status of commitments disclosed as at June 30, 2019.

September 30	
2019	2018
(Rupees in '000)	
Unaudited	

Note

18 OPERATING INCOME

Rental income from investment property	66,090	58,954
Other rentals	2,049	1,868
	68,139	60,822

19 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	3,211	3,639
Directors' meeting fee	500	90
Travelling and lodging	56	129
Postage, telephone and fax	136	183
Printing and stationery	65	52
News papers, books and periodicals	14	7
Rent, rates and taxes	980	505
Legal and professional charges	393	455
Contract services (security, janitorial and others)	69	190
Repairs and maintenance	16	58
Meetings and entertainment	316	151
MIS	121	89
Electricity, gas and water	1,068	716
Insurance	738	819
Corporate social responsibility	250	250
Miscellaneous	77	24
	8,010	7,357

20 OTHER OPERATING INCOME

Income from financial assets:

Profit on bank deposits & investment	11,253	3,851
Exchange gain	(2)	12

Income from non financial assets:

Gain on sale of:		
Operating fixed assets	179	-
Room transfer fee	201	840
Asset replacement fee	5,045	4,180
Others	3,120	3,815
	19,796	12,698

September 30	
2019	2018
(Rupees in '000)	
Unaudited	

Note

21 ADJUSTMENT FOR NON CASH CHARGES AND OTHER ITEMS

Depreciation/amortization	16,997	17,294
Profit on bank deposits & investment	(11,253)	(3,851)
Exchange gain	2	(12)
Gain on sale of assets held for sale	(179)	-
Share of profits from associated companies	(4,928)	(5,955)
Provision for gratuity	727	576
Provision for compensated absences	371	276
Financial charges	27	11
	<u>1,764</u>	<u>8,339</u>

22 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	
2019	2018
(Rupees in '000)	
Unaudited	

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
Amount received from associate against expenses	-	348
Utility charges	804	438
Amount received against utility charges	762	348

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	86	83
Amount received against utility charges	84	63

Transactions with directors

Utility charges	766	743
Amount received against utility charges	701	558

22.1 Remuneration of chief executive officer, executives and directors

	September 30,		September 30,		September 30,		September 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
	Chief Executive Officer		Executives		Directors		Total	
	(Rupees in '000)							
Managerial remuneration	924	900	1,107	1,782	-	-	2,031	4,164
Gratuity paid	-	-	-	-	-	-	-	1,340
Meeting fees	-	-	-	-	500	90	500	200
	<u>924</u>	<u>900</u>	<u>1,107</u>	<u>1,782</u>	<u>500</u>	<u>90</u>	<u>2,531</u>	<u>5,704</u>
Number of persons	1	1	2	3	10	10	13	14

23 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, 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.

Reclassification during the period

During the three months period ended September 30, 2019, there were no reclassification into or out of Level 3 fair value measurements.

As at September 30, 2019 and June 30, 2019 the Company held financial instruments carried at fair value which comprising long term investment. Moreover, Investment property is measured at fair value.

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

As at September 30, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Financial assets at fair value through other comprehensive income	-	-	308,753
	-	-	308,753

As at June 30, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Financial assets at fair value through other comprehensive income	-	-	300,262
	-	-	300,262

23.2 The investment property was valued on June 30, 2018 carried out by external independent valuer M/s Asif Associates (Private) Limited. At the year end June 30, 2019, there is no significant change in the value of lease hold land and building as certified by independent valuer.

As at September 30, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Investment property carried at fair value	-	-	3,743,586
			3,743,586

As at June 30, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Investment property carried at fair value	-	-	3,743,586
			3,743,586

23.3 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:

	September 30, 2019 (Rupees in '000) Unaudited	June 30, 2019 (Rupees in '000) Audited
Opening balance (level 3 recurring fair values)	3,743,586	3,233,745
Closing balance (level 3 recurring fair values)	3,743,586	3,233,745

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 value of free hold land and buildings is in level 3 recurring fair value measurement.

24 CORRESPONDING FIGURES

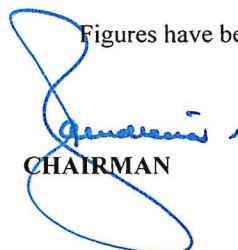
The comparative figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.

25 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on Oct 28, 2019.

26 GENERAL

Figures have been rounded off to the nearest thousand.


CHAIRMAN


CHIEF EXECUTIVE OFFICER