

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE**

**NINETH MONTH ENDED March 31, 2019**



**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT MARCH 31, 2019**

	March 31, 2019	June 30, 2018
Note	(Rupees in '000)	
	Unaudited	Audited
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	6 936,208	930,139
Intangible assets	801	695
Investment property	3,743,586	3,743,586
Long term investments - under equity method	7 173,518	157,656
Long term investment - available for sale	8 116,538	102,677
Long term security deposits and advances	14,783	14,704
Deferred tax	87,301	87,023
	5,072,735	5,036,480
<b>CURRENT ASSETS</b>		
Account receivables	9 1,002	4,587
Advances, deposits and prepayments	8,105	8,344
Interest accrued	1,530	1,704
Other receivables	10 40,704	34,435
Tax refund due from government - net	11 51,669	47,431
Short term investment	12 202,122	193,367
Cash and bank balances	13 39,380	27,848
	344,512	317,716
<b>TOTAL ASSETS</b>	5,417,247	5,354,196
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL &amp; RESERVES</b>		
Share capital	14 3,671,870	3,671,870
Surplus on revaluation of property and equipment	206,663	209,068
Reserves	15 1,385,683	1,293,588
	5,264,216	5,174,526
<b>NON-CURRENT LIABILITIES</b>		
Advances, deposits and other receipts	18,715	23,988
Deferred liabilities	14,717	13,697
	33,432	37,685
<b>CURRENT LIABILITIES</b>		
Accrued and other payables	16 43,089	41,560
Advances and deposits	75,662	97,284
Unclaimed dividend	848	3,141
	119,599	141,985
<b>CONTINGENCIES AND COMMITMENTS</b>	17.1 -	-
<b>TOTAL EQUITY AND LIABILITIES</b>	5,417,247	5,354,196

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 AND LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Note	Nine months ended March 31,		Three months ended March 31,	
		2019	2018	2019	2018
		(Rupees in '000)			
<b>Income</b>					
Operating income	18	187,421	170,741	64,449	57,186
<b>Administrative expenses</b>					
Depreciation / amortization		(51,484)	(50,630)	(16,893)	(16,803)
Others	19	(25,361)	(27,770)	(7,971)	(11,841)
		(76,845)	(78,400)	(24,864)	(28,644)
Other operating income	20	47,466	40,151	15,693	12,393
Financial charges		(43)	(41)	(8)	(10)
Operating profit		157,999	132,450	55,270	40,925
Share of profits from associated companies		20,607	15,773	7,330	4,528
Profit before taxation		178,606	148,223	62,600	45,453
Taxation		(42,943)	(40,390)	(14,917)	(13,305)
Profit after taxation		135,663	107,833	47,683	32,148
<b>Earning per share</b>					
- basic and diluted		0.37	0.29	0.13	0.09

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**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

Nine months ended March 31,		Three months ended March 31,	
2019	2018	2019	2018

(Rupees in '000)

Profit after taxation	135,663	107,833	47,683	32,148
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**Other comprehensive income**

Share of other comprehensive (loss)/income of associated companies	-	(9)	-	8
Surplus on remeasurement of available for sale investment to fair value	9,105	27,447	3,989	21,636
Other comprehensive income	9,105	27,438	3,989	21,644
<b>Total comprehensive income for the period</b>	<b>144,768</b>	<b>135,271</b>	<b>51,672</b>	<b>53,792</b>

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**CHAIRMAN**

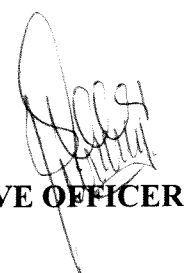
  
**CHIEF EXECUTIVE OFFICER**

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Note	March 31, 2019 (Rupees in '000)	March 31, 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	22	171,178	110,826
Gratuity paid		(1,001)	(1,537)
Compensated absences paid		(535)	(152)
Income tax paid		(47,460)	(43,061)
Net cash generated from operating activities		122,182	66,076
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(58,366)	(2,159)
Proceeds from sale of assets		582	-
Interest received		13,898	7,457
Investment made during the period		(8,755)	(96,574)
Dividend received		4,678	28,305
Net cash used in investing activities		(47,963)	(62,971)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Advances, deposits and other receipts		(5,273)	(8,385)
Dividend paid		(57,371)	(36,719)
Financial charges paid		(43)	(41)
Net cash used in financing activities		(62,687)	(45,145)
Net increase/(decrease) in cash and cash equivalents		11,532	(42,040)
Cash and cash equivalents at beginning of the period		27,848	87,329
Cash and cash equivalents at end of the period		39,380	45,289

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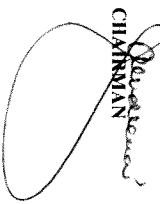
  
**CHAIRMAN**

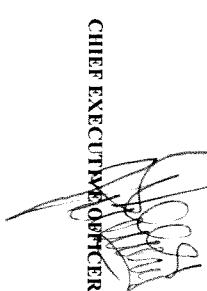
  
**CHIEF EXECUTIVE OFFICER**

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 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 revaluation of associates' investments	Accumulated profit	Total revenue reserves	
Balance as at July 01, 2017 - as previously reported	3,671,870	-	32,576	32,576	26,063	435	586,204	612,702	4,317,148
Impact of changes in accounting policies (net of tax)	-	137,257	-	137,257	-	-	-	-	137,257
Balance as at July 01, 2017 (restated)	3,671,870	137,257	32,576	169,833	26,063	435	586,204	612,702	4,454,405
<b>Total comprehensive income for the period:</b>									
Profit for the period after taxation	-	-	-	-	-	-	107,833	107,833	107,833
Amount appropriated for fixed assets replacement reserve	-	-	25,275	25,275	-	-	(25,275)	(25,275)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(1,766)	-	(1,766)	-	(9)	1,766	1,766	-
Share of other comprehensive loss of associates	-	-	-	-	-	(9)	-	(9)	(9)
Surplus on remeasurement of investment available for sale	-	-	-	-	27,447	-	-	27,447	27,447
<b>Transaction with owners</b>									
Final dividend for the year ended June 30, 2017 at Rs. 0.10 per share	-	-	-	-	-	-	(36,719)	(36,719)	(36,719)
Balance as at March 31, 2018 (unaudited) - (restated)	3,671,870	135,491	57,851	193,342	53,510	426	633,809	687,745	4,552,957
Balance as at July 01, 2018 (audited)	3,671,870	209,068	67,280	276,348	55,514	426	1,170,368	1,226,308	5,174,526
<b>Total comprehensive income for the period:</b>									
Profit for the period after taxation	-	-	-	-	-	-	135,663	135,663	135,663
Amount appropriated for asset replacement reserve	-	-	25,879	25,879	-	-	(25,879)	(25,879)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(2,405)	-	(2,405)	-	-	2,405	2,405	-
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	-
Surplus on remeasurement of investment available for sale	-	-	-	-	9,105	-	-	9,105	9,105
<b>Transaction with owners</b>									
Final dividend for the year ended June 30, 2018 at Rs. 0.15 per share	-	-	-	-	-	-	(55,078)	(55,078)	(55,078)
Balance as at March 31, 2019 (unaudited)	3,671,870	206,663	93,159	299,822	64,619	426	1,227,479	1,292,524	5,264,216

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 NINE MONTHS ENDED MARCH 31, 2019**

**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 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 nine months ended March 31, 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, 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 and 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 nine months ended March 31, 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 - 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 SRO. 1007(1)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequently SECP through its SRO 229(1)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard for reporting periods ending on or after June 30, 2019. IFRS 9 set outs 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 nine months ended March 31, 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, 2018.

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Operating assets	6.1 881,106	930,139
	Capital work in progress	6.2 55,102	-
		<u>936,208</u>	<u>930,139</u>
<b>6.1</b>	<b>Operating assets</b>		
	Opening written down value	930,139	913,777
	Additions during the period / year	6.1.1 2,969	2,480
	Deletion (net book value) during the period / year	6.1.2 (707)	-
	Depreciation charge for the period / year	(51,295)	(67,401)
	Revaluation	-	81,283
	Closing written down value	<u>881,106</u>	<u>930,139</u>
<b>6.1.1</b>	<b>Additions during the period / year</b>		
	Electrical equipment	401	587
	Security equipment	2,071	193
	Security system	67	999
	Furniture & fixture	-	248
	Office equipment	158	453
	Vehicles	72	-
	Computers & accessories	200	-
		<u>2,969</u>	<u>2,480</u>
<b>6.1.2</b>	<b>Deletion (net book value) during the period / year</b>		
	Lifts	6.1.2.1 (707)	-
		<u>(707)</u>	<u>-</u>
6.1.2.1	The Company has been replacing the existing lifts and during the period two lifts has been dismantled / disposed off and accordingly its deletion has been accounted for.		
6.2	This represents the cost for procurement and installation of lifts which are under installation at ISE Towers and cost of security equipment.		
		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
		<b>Note</b>	<b>Unaudited</b>
<b>7</b>	<b>LONG TERM INVESTMENTS - UNDER EQUITY METHOD</b>		
	National Clearing Company of Pakistan Limited	7.1 172,032	152,912
	Pakistan Mercantile Exchange Limited	7.2 1,486	-
	JCR-VIS Credit Rating Company Limited	-	4,744
		<u>173,518</u>	<u>157,656</u>

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>7.1</b>	<b>Pakistan Mercantile Exchange Limited (PMEX)</b>		
	Investment - at cost	61,886	61,886
	Share in post acquisition loss brought forward	7.1.1 <u>(60,400)</u>	<u>(61,886)</u>
		<u>1,486</u>	<u>-</u>

7.1.1 The Company has not recognised accumulated losses of Rs. Nil (June 30, 2018: Rs. 4.45 million).

7.2 The Company has reclassified investment in VIS to fair value through other comprehensive income. Previously, the Company was treating investment in 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.

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>8</b>	<b>LONG TERM INVESTMENT - AVAILABLE FOR SALE</b>		
	<i>Equity investments</i>		
	Central Depository Company of Pakistan Limited	8.1 111,328	102,677
	JCR-VIS Credit Rating Company Limited	8.2 <u>5,210</u>	<u>-</u>
		<u>116,538</u>	<u>102,677</u>
<b>8.1</b>	<b>Central Depository Company of Pakistan Limited (CDC)</b>		
	Investment - at cost	47,163	47,163
	Fair value adjustment	<u>64,165</u>	<u>55,514</u>
		<u>111,328</u>	<u>102,677</u>
8.1.1	During the period, CDC issued 41.389% bonus shares in proportion to existing pattern of shareholding. The Company has received 1,097,750 shares against issue of these bonus shares.		

	March 31, 2019	June 30, 2018
	(Rupees in '000)	
	Unaudited	Audited
<b>8.2</b>		
<b>VIS Credit Rating Company Limited (VIS)</b>		
<i>(formerly JCR-VIS Credit Rating Company Limited)</i>		
Investment - at cost	4,756	-
Fair value adjustment	454	-
	<u>5,210</u>	<u>-</u>

8.3 The balances of long term investment in VIS has been presented based on accounts for the six months ended December 31, 2018.

		March 31, 2019	June 30, 2018
		(Rupees in '000)	
	Note	Unaudited	Audited
<b>9</b>			
<b>ACCOUNT RECEIVABLES</b>			
(Unsecured-considered good)			
Due from building tenants - <i>rental</i>		<u>1,002</u>	<u>4,587</u>
<b>10</b>			
<b>OTHER RECEIVABLES</b>			
Receivable from members		-	239
Receivable from building occupants	10.1	37,864	30,459
Due from sub lessee	10.2	500	500
Others		2,340	3,237
		<u>40,704</u>	<u>34,435</u>

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

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

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>11</b>	<b>TAX REFUND DUE FROM GOVERNMENT - NET</b>		
	Income tax - opening	47,431	47,317
	Advance - Income tax paid during the period / year	47,460	57,817
		<u>94,891</u>	<u>105,134</u>
	Provision for the period / year	(43,222)	(57,703)
	Income tax - closing	<u>51,669</u>	<u>47,431</u>

**12 SHORT TERM INVESTMENT**

Treasury Bills	12.1	<u>202,122</u>	<u>193,367</u>
		<u>202,122</u>	<u>193,367</u>

12.1 This represents investment in treasury bills (T-Bills) having maturity between April 25, 2019 to June 05, 2019 and carries average yield rate of 10.47% per annum (June 30, 2018: 6.30%).

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>13</b>	<b>CASH AND BANK BALANCES</b>		
	Cash at banks		
	Saving accounts		
	- Local currency	39,031	27,543
	- Foreign currency	315	270
		<u>39,346</u>	<u>27,813</u>
	Cash in hand	34	35
		<u>39,380</u>	<u>27,848</u>

13.1 Balances in PLS accounts carry effective interest rate ranging between 8% to 8.75% (June 30, 2018: 3.5% to 5.15%) per annum.

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
		<b>Unaudited</b>	<b>Audited</b>
<b>14</b>	<b>SHARE CAPITAL</b>		
<b>14.1</b>	<b>Issued, subscribed and paid up capital:</b>		
	<b>Number of ordinary shares of Rs.10/-each</b>		
	<b>31-Mar-19    30-Jun-18</b>		
	Ordinary shares issued for consideration other than cash	<u>367,186,963</u>	<u>367,186,963</u>
		<u>3,671,870</u>	<u>3,671,870</u>

**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).

		<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Rupees in '000)</b>	
<b>Note</b>		<b>Unaudited</b>	<b>Audited</b>
<b>15</b>	<b>RESERVES</b>		
	Fixed assets replacement reserve	93,159	67,280
	Surplus on remeasurement of available for sale investment to fair value	64,619	55,514
	Unrealized surplus on remeasurement of investments	426	426
	Accumulated profit	<u>1,227,479</u>	<u>1,170,368</u>
		<u>1,385,683</u>	<u>1,293,588</u>

**15.1 Fixed Assets replacement reserve**

15.1.1 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 accumulated profit.

15.1.2 During the period, Company incurred a sum of Rs. 54.94 million out of fixed asset replacement reserve for replacement of elevators at ISE Towers. The reserve would be transferred / adjusted to the extent of cost incurred on fixed assets upon capitalization of such fixed assets.

March 31, 2019	June 30, 2018
(Rupees in '000)	
Unaudited	Audited

**16 ACCRUED AND OTHER PAYABLES**

Proceeds from sale of assets of members in default	8,145	9,032
Payable to sub lessees	11,375	11,375
Accrued liabilities	16,603	16,093
Withholding tax payable	86	39
Other payables	6,880	5,021
	<u>43,089</u>	<u>41,560</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.

**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 except for following:

Abdul Waheed Jan Vs Islamabad Stock Exchange for recovery of Rs. 78.95 million - the case has been dismissed by the Court as plaintiff has withdrawn his case against the Company.

**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:

- i. 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.
- ii. Income tax officials/ authorities had amended the assessment for tax year 2017 under section 221 of Income Tax Ordinance, 2001 and created demanded of Rs. 32.747 million. The Company filed an appeal before Commissioner (Appeals-I), Islamabad and Commissioner Appeals-I has initially remanded back the case for re-adjudication.

Income tax officials/ authorities however, again created the same demanded of Rs. 32.747 million against which Company filed the second appeal to Commissioner (Appeals-I) and Commissioner Appeals-I has annulled the amended assessment order. The department has filed appeal against the order of Commissioner Appeals to Appellate Tribunal which is pending for adjudication.

**17.2 Commitment**

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

Nine months ended March 31,		Three months ended March 31,	
2019	2018	2019	2018
(Rupees in '000)			
Unaudited			

Note

## 18 OPERATING INCOME

Rental income from investment property	181,667	165,158	62,513	55,363
Other rentals	5,754	5,583	1,936	1,823
	<u>187,421</u>	<u>170,741</u>	<u>64,449</u>	<u>57,186</u>

## 19 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	10,126	11,269	2,998	4,726
Directors' remuneration	400	300	140	100
Travelling and lodging	310	309	99	119
Postage, telephone and fax	512	448	181	208
Printing and stationery	682	728	98	77
News papers, books and periodicals	30	22	9	7
Rent, rates and taxes	2,688	2,577	796	460
Legal and professional charges	2,385	3,924	1,523	2,905
Auditors' remuneration	120	120	-	-
Contract services (security, janitorial and others)	468	659	116	256
Lease rentals	-	567	-	189
Repairs and maintenance	498	326	55	154
Meetings and entertainment	969	654	300	178
MIS	315	345	113	82
Electricity, gas and water	1,652	1,996	544	498
Insurance	2,358	2,274	731	752
Service fee for tenancy arrangements	1,013	724	-	724
Corporate social responsibility	750	366	250	366
Miscellaneous	85	162	18	40
	<u>25,361</u>	<u>27,770</u>	<u>7,971</u>	<u>11,841</u>

## 20 OTHER OPERATING INCOME

### Income from financial assets:

Profit on bank deposits & investment	13,679	7,985	5,298	2,912
Exchange gain	45	29	-	21
Dividend received	4,678	4,575	700	-

### Income from non financial assets:

Gain/(loss) on sale of:				
Operating fixed assets - lifts	(125)	-	(125)	-
Income from branding	-	1,401	-	1,401
Room transfer fee	1,213	1,205	212	200
Others	27,976	24,956	9,608	7,859
	<u>47,466</u>	<u>40,151</u>	<u>15,693</u>	<u>12,393</u>

20.1 This includes car parking fee amounting to Rs. 6.57 million, fixed asset replacement fee amounting to Rs. 12.94 million and gain on reclassification of investment amounting to Rs. 0.0108 million.



Nine months ended March 31,		Three months ended March 31,	
2019	2018	2019	2018
Unaudited			

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

Profit after tax (Rupees in '000)	135,663	107,833	47,683	32,148
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)	0.37	0.29	0.13	0.09

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

Note	March 31, 2019	March 31, 2018
	(Rupees in '000)	
	----- Unaudited -----	

**22 CASH GENERATED FROM OPERATIONS**

Profit before taxation	178,606	148,223
<i>Adjustment for non-cash charges and other items:</i>		
Depreciation/amortization	51,484	50,630
Profit on bank deposits & investment	(13,679)	(7,985)
Exchange gain	(45)	(29)
Dividend income	(4,678)	(4,575)
Loss on sale of operating assets	125	-
Share of profits from associated companies	(20,607)	(15,773)
Gain on reclassification of investment	(11)	-
Provision for gratuity	1,729	1,729
Provision for compensated absences	829	829
Financial charges	43	41
Working capital changes	22.1 (22,618)	(62,264)
	<u>171,178</u>	<u>110,826</u>

**22.1 Changes in working capital**

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

Account receivables	3,585	(978)
Advances, deposits and prepayments including long term advance	159	5,493
Other receivables	(6,269)	-

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

Accrued and other payables	1,529	(49,768)
Advances and deposits	(21,622)	(17,011)
	<u>(22,618)</u>	<u>(62,264)</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:

**March 31,                      March 31,**  
**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

Dividend received by the company	-	23,730
Expenses incurred on behalf of associate	348	680
Utility charges	1,403	821
Amount received from associate against expenses	1,152	706

##### Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	216	168
Amount received from associate	172	143

### Transactions with directors

Utility charges	1,375	1,392
Amount received against utility charges	1,255	1,254

### 23.1 Remuneration of chief executive officer, executives and directors

	March 31,		March 31,		March 31,		March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	Chief Executive Officer		Executives		Directors		Total	
	(Rupees in '000)							
Managerial remuneration	2,740	1,500	4,431	5,346	-	-	7,171	4,164
Gratuity paid	-	1,340	-	-	-	-	-	1,340
Meeting fees	-	-	-	-	400	300	400	200
	2,740	2,840	4,431	5,346	400	300	7,571	5,704
Number of persons	1	1	2	3	10	10	13	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:

- 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 nine months period ended March 31, 2019, there were no transfers into or out of Level 3 fair value measurements.

As at March 31, 2019 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 March 31, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

#### Assets

Financial assets at fair value through other comprehensive income

-	-	116,538	116,538
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#### Assets

Financial assets at fair value through other comprehensive income

As at June 30, 2018			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
-	-	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 March 31, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			

#### Assets

Investment property carried at fair value

-	-	3,743,586	3,743,586
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#### Assets

Investment property carried at fair value

As at June 30, 2018			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
-	-	3,743,586	3,743,586

### 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:

	<b>March 31, 2019</b>	<b>June 30, 2018</b>
	<b>(Rupees in '000)</b>	
	<b>Unaudited</b>	<b>Audited</b>
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.

### 25 CORRESPONDING FIGURES

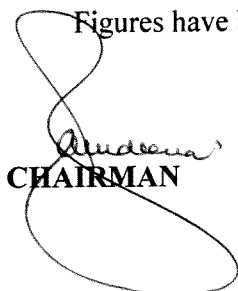
The comparative figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.


### 26 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on April 20, 2019.

### 27 GENERAL

Figures have been rounded off to the nearest thousand.

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER