

Directors' Report

The Board of Directors is pleased to present its report along with the condensed interim unaudited financial statements for the nine months ended March 31, 2020.

Financial Results

The Company recorded a net profit of Rs. 181.49 million for the nine months ended March 31, 2020 with EPS of Re. 0.49 per share which is 34% higher than the EPS of Re. 0.37 earned in comparative period. The operating revenue of Rs. 203.11 million of the Company for the period recorded an increase of 8% over the comparative period. Other income amounting to Rs. 67.40 million witnessed an increase of 42% over the comparative period figure of other income i.e. Rs 47.47 million. The increase is mainly on account of increase in profit on bank deposits & investments due to increase in earning markup rate. Additionally, depreciation allowance has also decreased on account of completion of useful life of majority equipment. Administrative expenses for the period almost remained at par with the comparative period.

The Balance sheet footing of March 31, 2020 remained on strong footing at Rs. 5.559.20 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 still 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 is received, REIT Scheme will be launched. Side by side, the Company has also been exploring many other options in order to launch developmental REIT Scheme through joint venture and in this regard, a few projects are under discussion with the potential investors.

The REIT estate sector in Pakistan has impressive figures over the past decade and it is most vibrant sector of the economy, however level playing field is required to REIT Sector in the form of tax incentives, regulatory reforms and financing at relatively low cost. The Company in this regard has submitted comprehensive proposals to FBR and SECP to harmonize the relevant taxation regime and regulatory framework. Moreover, REIT Sector has now created a joint forum and a joint proposal has been submitted to FBR, Ministry of Finance and IMF.

The Company in order for diversification of its business, entered into a Share Purchase Agreement with MCB Bank Limited for acquisition of complete shareholding of its subsidiary MCB Financial Services Limited, a Trustee Company in collaboration with an IT company M/s Infotech (Private) Limited in the equity ratio of 10:90 respectively. At first, SECP approval of the transaction has been received on February 20, 2020 and the process for obtaining CCP approval has also been initiated.

The Company, on account of the Coronavirus epidemic, has taken the safety measures swiftly for the safety of its employees and valuable tenants / occupants. Further, the Company has also been considering the policy / strategy to cope up with the economic pressure on the business of the Company on account of lockdown situation in the country due to Coronavirus.

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 of the company for their dedicated services.

On behalf of Board of Directors


Sagheer Mushtaq
Acting Chief Executive Officer

Islamabad, April 23, 2020


Zahid Latif Khan
Chairman

ISE TOWER REIT MANAGEMENT COMPANY LIMITED


**Condensed Interim Financial Statements
For Nine Month Ended March 31, 2020**

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

	Note	March 31, 2020 (Rupees in '000) Unaudited	June 30, 2019 Audited
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	959,090	919,793
Intangible assets		984	730
Investment property		3,743,586	3,743,586
Long term investments	7	331,216	300,262
Long term security deposits and advances		14,739	14,876
Deferred tax		87,839	87,561
		<u>5,137,454</u>	<u>5,066,808</u>
CURRENT ASSETS			
Account receivables	8	723	1,393
Advances, deposits and prepayments	9	7,557	6,387
Interest accrued		5,834	4,471
Other receivables	10	47,384	47,651
Tax refund due from government - net	11	34,879	54,759
Short term investment - held to maturity	12	290,210	316,876
Cash and bank balances	13	35,162	41,422
		<u>421,749</u>	<u>472,959</u>
TOTAL ASSETS		<u><u>5,559,203</u></u>	<u><u>5,539,767</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	14	3,671,870	3,671,870
Surplus on revaluation of property and equipment		203,784	205,862
Other reserves	15	1,547,610	1,443,747
		<u>5,423,264</u>	<u>5,321,479</u>
NON-CURRENT LIABILITIES			
Advances, deposits and other receipts		17,152	17,754
Deferred liabilities		15,868	14,920
		<u>33,020</u>	<u>32,674</u>
CURRENT LIABILITIES			
Accrued and other payables	16	52,107	49,371
Advances and deposits	17	45,134	131,962
Unclaimed dividend		5,678	4,281
		<u>102,919</u>	<u>185,614</u>
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,559,203</u></u>	<u><u>5,539,767</u></u>

The annexed notes from 1 to 28 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 NINE MONTHS ENDED MARCH 31, 2020

	Note	Nine months ended March 31,		Three months ended March 31,	
		2020	2019	2020	2019
(Rupees in '000)					
Income					
Operating income	19	203,110	187,421	66,712	64,449
Administrative expenses					
Depreciation / amortization		(38,944)	(51,484)	(7,853)	(16,893)
Others	20	(25,125)	(25,361)	(8,717)	(7,971)
		(64,069)	(76,845)	(16,570)	(24,864)
Other operating income	21	67,403	47,466	21,027	15,693
Financial charges		(62)	(43)	(16)	(8)
Operating profit		206,382	157,999	71,153	55,270
Share of profits from associated companies		22,502	20,607	6,591	7,330
Profit before taxation		228,884	178,606	77,744	62,600
Taxation		(47,391)	(42,943)	(15,012)	(14,917)
Profit after taxation		181,493	135,663	62,732	47,683
Earning per share					
- basic and diluted		0.49	0.37	0.17	0.13

The annexed notes from 1 to 28 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 NINE MONTHS ENDED MARCH 31, 2020

	Nine months ended March 31,		Three months ended March 31,	
	2020	2019	2020	2019
	(Rupees in '000)			
Profit after taxation	181,493	135,663	62,732	47,683
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss:				
Surplus on remeasurement of FVOCI investments	8,449	9,105	4,630	3,989
Total comprehensive income for the period	<u>189,942</u>	<u>144,768</u>	<u>67,362</u>	<u>51,672</u>

The annexed notes from 1 to 28 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 NINE MONTHS ENDED MARCH 31, 2020

	Note	March 31,	March 31,
		2020	2019
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	23	126,904	171,178
Gratuity paid		(1,949)	(1,001)
Compensated absences paid		(1,241)	(535)
Income tax paid		(27,788)	(47,460)
Net cash generated from operating activities		95,926	122,182
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(79,279)	(58,366)
Proceeds from sale of assets		2,276	582
Interest received		30,780	13,898
Investment encashed/(made) during the period		26,666	(8,755)
Dividend received		4,794	4,678
Net cash used in investing activities		(14,763)	(47,963)
CASH FLOW FROM FINANCING ACTIVITIES			
Advances, deposits and other receipts		(602)	(5,273)
Dividend paid		(86,759)	(57,371)
Financial charges paid		(62)	(43)
Net cash used in financing activities		(87,423)	(62,687)
Net (decrease)/ increase in cash and cash equivalents		(6,260)	11,532
Cash and cash equivalents at beginning of the period		41,422	27,848
Cash and cash equivalents at end of the period		35,162	39,380

The annexed notes from 1 to 28 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 NINE MONTHS ENDED MARCH 31, 2020

	Capital reserve			Revenue reserves				Total	
	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Reserve for replacement of fixed assets	Total capital reserves	Surplus on remeasurement of available for sale investments to fair value	Unrealized surplus on remeasurement of associate's investments	Accumulated profit		Total revenue reserves
Balance as at July 01, 2018 (audited)	3,671,870	209,068	67,280	276,348	55,514	425	1,170,368	1,226,307	5,174,525
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	135,663	135,663	135,663
Amount collected 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	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	9,105	-	-	9,105	9,105
Transaction with owners									
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	425	1,227,479	1,292,523	5,264,215
Balance as at July 01, 2019 (audited)	3,671,870	205,862	62,118	267,980	67,788	425	1,313,415	1,381,628	5,321,478
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	181,493	181,493	181,493
Amount collected for asset replacement reserve	-	-	31,416	31,416	-	-	(31,416)	(31,416)	-
Amount utilized from fixed assets replacement reserve	-	-	(59,631)	(59,631)	-	-	59,631	59,631	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(2,078)	-	(2,078)	-	-	2,078	2,078	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	8,449	-	-	8,449	8,449
Transaction with owners									
Final dividend for the year ended June 30, 2019 at Rs. 0.24 per share	-	-	-	-	-	-	(88,156)	(88,156)	(88,156)
Balance as at March 31, 2020 (unaudited)	3,671,870	203,784	33,903	237,687	76,237	425	1,437,045	1,513,707	5,423,264

(Rupees in '000)

The annexed notes from 1 to 28 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 STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

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 for the purpose of carrying out business of stock exchange under the name Islamabad Stock Exchange (ISE). 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). Accordingly, the agreed assets / liabilities of stock exchange 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 Stock Exchange 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 and business unit of the Company is situated in ISE Tower, 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, 2020 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 unaudited condensed interim financial statements for the nine months ended March 31, 2019.

These interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These interim financial statements have been prepared following the 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, financial risk management objectives and policies and capital management policies are same as those applied in the preparation of financial statements for the year ended June 30, 2019, except:

a) IFRS 16- Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The Company applied IFRS 16 with a date of initial application of January 01, 2019

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risk arising from its residual interest in lease assets.

The Company's lease recognition policy is in line with the requirements of IFRS 16 and accordingly, there is no significant impact on these condensed interim financial statements on the date of initial recognition. The Company does not have significant leasing activities acting as a lessee.

4 TAXATION

The provision for taxation for the nine months ended March 31, 2020 has been made using the effective tax rate applicable to expected total annual earnings.

5 KEY JUDGEMENTS 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.

		March 31,	June 30,
		2020	2019
		(Rupees in '000)	
	Note	Unaudited	Audited
6 PROPERTY AND EQUIPMENT			
Operating assets	6.1	929,057	900,076
Capital work in progress	6.2	30,033	19,717
		<u>959,090</u>	<u>919,793</u>

6.1 OPERATING FIXED ASSETS

Description	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	Computers & accessories	Total
Net carrying value basis														
Period ended March 31, 2020														
Opening net book value (NBV)	532,520	296,206	7,911	15,720	430	38,884	2,686	48	510	3,352	1,456	107	246	900,076
Additions (at cost)	-	-	449	-	-	59,631	1,741	-	749	262	461	4,454	711	68,458
Disposals:	-	-	-	-	-	(13,645)	-	-	-	-	-	(647)	-	(14,292)
Cost	-	-	-	-	-	13,513	-	-	-	-	-	-	-	13,513
Accumulated depreciation	-	-	-	-	-	(132)	-	-	-	-	-	(647)	-	(779)
Depreciation charge	(4,992)	(7,238)	(5,374)	(12,021)	(430)	(6,126)	(654)	(14)	(319)	(508)	(199)	(629)	(194)	(38,698)
Net book value	527,528	288,968	2,986	3,699	-	92,257	3,773	34	940	3,106	1,718	3,285	763	929,057
Gross carrying value basis														
Period ended March 31, 2020														
Cost/revalued amount	551,168	335,386	67,506	154,582	5,521	98,093	10,008	11,991	4,369	6,710	3,074	4,587	3,684	1,256,679
Accumulated depreciation	(23,640)	(46,418)	(64,520)	(150,883)	(5,521)	(5,836)	(6,235)	(11,957)	(3,429)	(3,604)	(1,356)	(1,302)	(2,921)	(327,622)
Net book value	527,528	288,968	2,986	3,699	-	92,257	3,773	34	940	3,106	1,718	3,285	763	929,057
Net carrying value basis														
Period ended June 30, 2019														
Opening net book value (NBV)	539,176	306,575	19,434	50,146	1,448	5,247	1,099	668	806	4,120	1,114	185	121	930,139
Additions (at cost)	-	-	401	-	-	-	2,207	45	75	-	608	71	200	3,607
Transfers from CWIP	-	-	-	-	-	38,462	-	-	-	-	-	-	-	38,462
Disposals:	-	-	-	(25,018)	-	(6,362)	-	-	-	(28)	-	-	(6)	(31,414)
Cost	-	-	-	22,686	-	5,382	-	-	-	9	-	-	6	28,083
Accumulated depreciation	-	-	-	(2,332)	-	(980)	-	-	-	(19)	-	-	-	(3,331)
Assets written off	-	(742)	-	-	-	-	-	-	-	-	-	-	-	(742)
Cost	-	20	-	-	-	-	-	-	-	-	-	-	-	20
Accumulated depreciation	-	(722)	-	-	-	-	-	-	-	-	-	-	-	(722)
Write-off (NBV)	(6,656)	(9,647)	(11,924)	(32,094)	(1,018)	(3,845)	(620)	(665)	(371)	(749)	(266)	(149)	(75)	(68,079)
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	532,520	296,206	7,911	15,720	430	38,884	2,686	48	510	3,352	1,456	107	246	900,076
Gross carrying value basis														
Period ended June 30, 2019														
Cost/revalued amount	551,168	335,386	67,507	154,582	5,521	52,107	8,267	11,991	3,620	6,448	2,613	780	2,973	1,202,513
Accumulated depreciation	(18,648)	(39,180)	(59,146)	(138,862)	(5,091)	(13,223)	(5,581)	(11,943)	(3,110)	(3,096)	(1,157)	(673)	(2,727)	(302,437)
Net book value	532,520	296,206	7,911	15,720	430	38,884	2,686	48	510	3,352	1,456	107	246	900,076
Depreciation rate per annum	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	33%

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
6.2 Capital work in progress			
Elevators		29,029	19,516
Security systems		1,004	88
Office equipment		-	113
		<u>30,033</u>	<u>19,717</u>
7 LONG TERM INVESTMENTS			
Long term investments-under equity method	7.1	203,060	180,555
Long term investments-FVTOCI	7.2	128,156	119,707
		<u>331,216</u>	<u>300,262</u>
7.1 Long term investments-under equity method			
National Clearing Company of Pakistan Limited (NCCPL)	7.1.1	197,446	175,626
Pakistan Mercantile Exchange Limited (PMEX)	7.1.2	5,614	4,929
		<u>203,060</u>	<u>180,555</u>
7.1.1 National Clearing Company of Pakistan Limited (NCCPL)			
Investment - at cost		82,207	82,207
Share in post acquisition profits brought forward		93,419	70,705
Share in profits for the year		21,820	23,803
Share in other comprehensive loss for the year		-	(1,089)
		<u>21,820</u>	<u>22,714</u>
		<u>197,446</u>	<u>175,626</u>
7.1.2 Pakistan Mercantile Exchange Limited (PMEX)			
Investment - at cost		61,886	61,886
Share in post acquisition loss brought forward		(61,886)	(61,886)
Share in profits for the year - net of unrecognized accumulated losses of previous years		5,614	4,929
		<u>5,614</u>	<u>4,929</u>

7.1.2.1 The balance of long term investmnet in PMEX have been presented based upon management accounts for the period ended March 31, 2020.

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
7.2 Long term investments- FVTOCI	Note	Unaudited	Audited
Central Depository Company of Pakistan Limited	7.2.1	122,293	114,641
VIS Credit Rating Company Limited (VIS)	7.2.2	5,863	5,066
		<u>128,156</u>	<u>119,707</u>

7.2.1 Central Depository Company of Pakistan Limited

Investment - at cost	47,163	47,163
Fair value adjustment	75,130	67,478
	<u>122,293</u>	<u>114,641</u>

7.2.1.1 This represents investment in 3.75 million (June 30, 2019: 3.75 million) ordinary shares of Central Depository Company of Pakistan Limited. The fair value of these securities are based on their break up value as these securities are neither listed nor market prices are available. Gain on remeasurement of equity investment - FVOCI has been recognized directly in equity through other comprehensive income. Cost of these investments at year end amounted to Rs. 2.50 million (June 30, 2019: 2.50 million).

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
7.2.2 VIS Credit Rating Company Limited (VIS)	Note	Unaudited	Audited
Investment - at cost		4,756	4,756
Fair value adjustment		1,107	310
		<u>5,863</u>	<u>5,066</u>

7.2.3 The balances of long term investments have been presented based on management accounts for the for the period ended March 31, 2020.

8 ACCOUNT RECEIVABLES

(Unsecured)

Considered good			
Due from building tenants		723	1,393
Considered doubtful based on expected credit loss (ECL)		167	167
		<u>890</u>	<u>1,560</u>
Allowance for ECL		(167)	(167)
		<u>723</u>	<u>1,393</u>

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
9	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Considered good		
	Advances to staff	571	551
	Advances to contractor	6,060	3,906
	Deposits and prepayments	926	1,930
	Considered doubtful based on expected credit loss (ECL)	225	225
		<u>7,782</u>	<u>6,612</u>
	Allowance for ECL	(225)	(225)
		<u>7,557</u>	<u>6,387</u>

10 OTHER RECEIVABLES

	Considered good			
	Receivable from building occupants	10.1	43,953	45,243
	Due from sub lessee	10.2	500	500
	Others		2,931	1,908
			<u>47,384</u>	<u>47,651</u>
	Considered doubtful based on expected credit loss (ECL)		1,040	1,040
			<u>48,424</u>	<u>48,691</u>
	Allowance for Expected Credit Losses		(1,040)	(1,040)
			<u>47,384</u>	<u>47,651</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.

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
11	TAX REFUND DUE FROM GOVERNMENT - NET		
	Income tax - opening	54,759	47,431
	Advance - Income tax paid during the period/ year	27,788	65,854
		<u>82,547</u>	<u>113,285</u>
	Provision for taxation for the period/ year	(47,668)	(58,526)
	Income tax - closing	34,879	54,759
		<u>34,879</u>	<u>54,759</u>

		March 31, 2020	June 30, 2019
		(Rupees in '000)	
	Note	Unaudited	Audited
12	SHORT TERM INVESTMENT		
	Held to maturity		
	Treasury Bills	12.1 290,210	262,876
	Term Deposit Receipts	-	54,000
		<u>290,210</u>	<u>316,876</u>

12.1 This represents investment in treasury bills (T-Bills) having maturity between April 09, 2020 to June 04, 2020 and carries average yield rate of 13.07% per annum (June 30, 2019: 11.84%).

13 CASH AND BANK BALANCES

	Cash at banks		
	Saving accounts		
	- Local currency	13.1 34,779	41,065
	- Foreign currency (USD)	376	356
		<u>35,155</u>	<u>41,421</u>
	Cash in hand	7	1
		<u>35,162</u>	<u>41,422</u>

13.1 Balances in PLS accounts carry effective interest rate is 11.5% (June 30, 2019: 10.25%) per annum.

	March 31, 2020	June 30, 2019
	(Rupees in '000)	
	Unaudited	Audited
14	SHARE CAPITAL	

14.1 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/-each			March 31, 2020	June 30, 2019
31-Mar-20	30-Jun-19		Unaudited	Audited
367,186,963	367,186,963	Ordinary shares issued for consideration other than cash	3,671,870	3,671,870
<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, 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).

		March 31, 2020	June 30, 2019	
		(Rupees in '000)		
15	OTHER RESERVES	Note	Unaudited	Audited
	Reserve for replacement of fixed assets	15.1	33,903	62,118
	Surplus on remeasurement of available for sale investment to fair value		76,237	67,788
	Unrealized surplus on remeasurement of investments		425	426
	Accumulated profit		1,437,045	1,313,415
			<u>1,547,610</u>	<u>1,443,747</u>

15.1 Reserve for replacement of fixed assets

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.

		March 31, 2020	June 30, 2019	
		(Rupees in '000)		
16	ACCRUED AND OTHER PAYABLES	Note	Unaudited	Audited
	Proceeds from sale of assets of members in default		12,526	9,312
	Payable to sub lessees		11,375	11,375
	Accrued liabilities		19,944	17,152
	Withholding tax payable		266	82
	Other payables		7,996	11,450
			<u>52,107</u>	<u>49,371</u>

17 ADVANCES AND DEPOSITS

	Deposit from members against exposure		-	325
	Current portion of advance rent		34,573	117,987
	Clearing house deposits		-	3,210
	Security deposits		68	68
	Retention money		10,119	9,998
	Others		374	374
			<u>45,134</u>	<u>131,962</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 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

On the reporting date, there has been no significant change in the status of tax contingencies disclosed as at June 30, 2019. However, subsequent to the reporting date tax proceedings for tax year 2015 u/s 122, tax year 2016 u/s 221 and tax year 2017 u/s 221 have been decided by ITAT in favour of the Company.

18.2 Commitment

Company's commitments for capital expenditure are Rs. 96.369 million (June 30, 2019: Rs. 195.06 million).

		Nine months ended March 31,		Three months ended March 31,	
		2020	2019	2020	2019
Note	(Rupees in '000)				
	Unaudited				

19 OPERATING INCOME

Rental income from investment property	197,228	181,667	64,808	62,513
Other rentals	5,882	5,754	1,904	1,936
	<u>203,110</u>	<u>187,421</u>	<u>66,712</u>	<u>64,449</u>

20 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	9,279	10,126	3,120	2,998
Directors' remuneration	1,950	400	500	140
Travelling and lodging	203	310	39	99
Postage, telephone and fax	436	512	122	181
Printing and stationery	661	682	99	98
News papers, books and periodicals	33	30	9	9
Publicity and advertisements	276	-	146	-
Rent, rates and taxes	2,949	2,688	977	796
Legal and professional charges	1,249	2,385	380	1,523
Auditors' remuneration	204	120	-	-
Contract services	353	468	214	116
Repairs and maintenance	206	498	86	55
Meetings and entertainment	857	969	252	300
MIS / technology charges	386	315	126	113
Electricity, gas and water	3,150	1,652	1,738	544
Insurance	1,997	2,358	625	731
Service charges	-	1,013	-	-
Corporate social responsibility	750	750	250	250
Miscellaneous	186	85	34	18
	<u>25,125</u>	<u>25,361</u>	<u>8,717</u>	<u>7,971</u>

21 OTHER OPERATING INCOME

Income from financial assets:

Profit on bank deposits & investment	32,123	13,679	10,236	5,298
Exchange (loss) / gain	20	45	26	-
Dividend received	4,794	4,678	100	700

Income from non financial assets:

Gain/(loss) on disposal of operating fixed assets	1,497	(125)	500	(125)
Room transfer fee	1,252	1,213	623	212
Others	27,717	27,976	9,542	9,608
	<u>67,403</u>	<u>47,466</u>	<u>21,027</u>	<u>15,693</u>

21.1 This includes fixed asset replacement revenue amounting to Rs. 15.808 million, car parking fee amounting to Rs. 6.521 million and split unit charges amounting Rs. 2.250 million.

Nine months ended March 31,		Three months ended March 31,	
2020	2019	2020	2019
(Rupees in '000)			

22 EARNING PER SHARE - BASIC AND DILUTED

Profit after tax	181,493	135,663	62,732	46,246
Weighted average number of shares in issue during the period (No. of shares)	367,186,963	367,186,963	367,186,963	367,186,963
Basic and diluted earning per share (Rupees)	0.49	0.37	0.17	0.13

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

Note	March 31,	March 31,
	2020	2019
	(Rupees in '000)	
	----- Unaudited -----	

23 CASH GENERATED FROM OPERATIONS

Profit before taxation		228,884	178,606
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation/amortization		38,944	51,484
Profit on bank deposits & investment		(32,123)	(13,679)
Exchange gain		(20)	(45)
Dividend income		(4,794)	(4,678)
(Gain)/ loss on sale of operating assets		(1,497)	125
Share of profits from associated companies		(22,502)	(20,607)
Loss on reclassification of investment		-	(11)
Provision for gratuity		2,183	1,729
Provision for compensated absences		1,114	829
Financial charges		62	43
Working capital changes	23.1	(83,347)	(22,618)
		126,904	171,178

23.1 Changes in working capital

Decrease / (increase) in current assets

Account receivables	670	3,585
Advances, deposits and prepayments including long term advance	(766)	(6,110)

Increase / (decrease) in current liabilities

Accrued and other payables	3,577	1,529
Advances and deposits	(86,828)	(21,622)
	(83,347)	(22,618)

24 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, 2020	March 31, 2019
(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	-	348
Utility charges	2,170	1,403
Amount received against utility charges	1,967	1,152

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	266	216
Amount received against utility charges	240	172

Transactions with directors

Utility charges	2,125	1,375
Amount received against utility charges	1,923	1,255

24.1 Remuneration of chief executive officer, executives and directors

	March 31,		March 31,		March 31,		March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019
Chief Executive Officer	Executives		Directors		Total			
(Rupees in '000)								
Managerial remuneration	2,772	2,740	1,661	4,431	-	-	4,433	7,171
Gratuity paid	300	-	1,134	-	-	-	1,434	-
Meeting fees	-	-	-	-	1,950	400	1,950	400
	<u>3,072</u>	<u>2,740</u>	<u>2,795</u>	<u>4,431</u>	<u>1,950</u>	<u>400</u>	<u>7,817</u>	<u>7,571</u>
Number of persons	1	1	3	3	10	10	14	14

25 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 nine month period ended March 31, 2020, there were no transfers into or out of Level 3 fair value measurements.

As at March 31, 2020 and June 30, 2019 the Company held financial instruments carried at fair value which comprising long term investment - FVTOCI. Moreover, Investment property is measured at fair value.

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

		As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Assets		-----Rupees-----			
Financial assets at fair value through other comprehensive income		-	-	128,156	128,156
		<hr/>			
		As at June 30, 2019			
		Level 1	Level 2	Level 3	Total
Assets		-----Rupees-----			
Financial assets at fair value through other comprehensive income		-	-	119,707	119,707
		<hr/>			

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

Assets

Investment in property carried at fair value

As at March 31, 2020			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
-	-	3,743,586	3,743,586

Assets

Investment in property carried at fair value

As at June 30, 2019			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
-	-	3,743,586	3,743,586

25.3 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:

	March 31, 2020 (Rupees in '000) Unaudited	June 30, 2019 (Rupees in '000) Audited
Opening balance (level 3 recurring fair values)	3,743,586	3,743,586
Fair value gain arised during the year	-	-
Closing balance (level 3 recurring fair values)	3,743,586	3,743,586

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.

26 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Following major reclassification has been made in these financial statements. These two accounts heads were previously presented in the financial statement as net off amount.

Reclassification from	Reclassification to	Amount (Rupees in '000)
Accrued and other payables	Other receivables	1,286,730
Other receivables	Accrued and other payables	2,867,875

27 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on _____ .

28 GENERAL

Figures have been rounded off to the nearest thousand.


CHAIRMAN


CHIEF EXECUTIVE OFFICER