

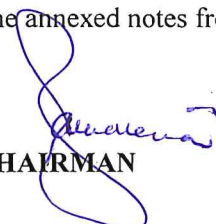
ISE TOWERS REIT MANAGEMENT COMPANY LIMITED


**Condensed Interim Financial Statements
For Three Month Ended September 30, 2020**

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020

		September 30, 2020	June 30, 2020
	Note	(Rupees in '000)	
		Unaudited	Audited
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	1,046,851	1,054,475
Intangible assets		742	855
Investment property		3,845,837	3,845,837
Long term investments	7	365,692	347,696
Long term security deposits and advances		14,704	14,704
Deferred tax		80,368	80,179
		<u>5,354,194</u>	<u>5,343,746</u>
CURRENT ASSETS			
Account receivables	8	175	2,140
Advances, deposits and prepayments	9	6,992	6,086
Interest accrued		3,813	5,724
Other receivables	10	40,763	45,207
Tax refund due from government - net	11	29,460	35,842
Short term investment - held to maturity	12	465,292	375,854
Cash and bank balances	13	28,917	62,855
		<u>575,412</u>	<u>533,708</u>
TOTAL ASSETS		<u><u>5,929,606</u></u>	<u><u>5,877,454</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
700,000,000 (June 30, 2020: 700,000,000) ordinary shares of Rs. 10 each.		<u>7,000,000</u>	<u>7,000,000</u>
Share capital	14	3,671,870	3,671,870
Surplus on revaluation of property and equipment		290,309	291,373
Other reserves	15	1,784,783	1,710,473
		<u>5,746,962</u>	<u>5,673,716</u>
NON-CURRENT LIABILITIES			
Advances, deposits and other receipts		19,143	19,043
Deferred liabilities		16,406	15,793
		<u>35,549</u>	<u>34,836</u>
CURRENT LIABILITIES			
Accrued and other payables	16	58,270	57,096
Advance rent and deposits	17	80,653	103,433
Unclaimed dividend		8,172	8,373
		<u>147,095</u>	<u>168,902</u>
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,929,606</u></u>	<u><u>5,877,454</u></u>

The annexed notes from 1 to 29 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, 2020

	Note	September 30	
		2020	2019
		(Rupees in '000)	
Income			
Operating income	19	68,425	68,139
Administrative expenses			
Depreciation / amortization		(8,870)	(16,997)
Others	20	(7,330)	(8,010)
		(16,200)	(25,007)
Other operating income	21	18,338	19,796
Financial charges		(20)	(27)
Operating profit		70,543	62,901
Share of profits from associated companies	7.1.1	13,460	4,928
Profit before taxation		84,003	67,829
Taxation		(15,294)	(15,315)
Profit after taxation		68,709	52,514
Earning per share			
- basic and diluted		0.19	0.14

The annexed notes from 1 to 29 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, 2020**

	Note	September 30	
		2020	2019
		(Rupees in '000)	
Profit after taxation		68,709	52,514
Other comprehensive income			
Items that may be reclassified subsequently to statement of profit or loss:			
Surplus on remeasurement of equity investment - FVOCI	7.2.1 & 7.2.2	4,536	3,563
Total comprehensive income for the period		<u>73,245</u>	<u>56,077</u>

The annexed notes from 1 to 29 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, 2020

	Note	September 30,	
		2020	2019
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	22	56,128	34,461
Gratuity paid		(357)	(594)
Compensated absences paid		(76)	(446)
Income tax paid		(9,101)	(6,023)
Net cash generated from operating activities		46,594	27,398
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(1,131)	(7,935)
Proceeds from sale of assets		-	826
Interest received		9,957	8,663
Net investment (made)/encashed during the period		(89,438)	1,127
Net cash (used) /generated from investing activities		(80,612)	2,681
CASH FLOW FROM FINANCING ACTIVITIES			
Advances, deposits and other receipts		100	-
Financial charges paid		(20)	(27)
Net cash generated /(used) in financing activities		80	(27)
Net (decrease)/ increase in cash and cash equivalents		(33,938)	30,052
Cash and cash equivalents at beginning of the period		62,855	41,422
Cash and cash equivalents at end of the period		28,917	71,474

The annexed notes from 1 to 29 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, 2020

	Capital reserve		Total capital reserves	Revenue reserves			Total revenue reserves	Total
	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment		Reserve for replacement of fixed assets	Surplus on remeasurement of available for sale investments to fair value	Unrealized surplus on remeasurement of associate's investments		

(Rupees in '000)

Balance as at July 01, 2019 - audited	3,671,870	205,862	62,118	267,980	426	1,313,415	1,381,629	5,321,479
Total comprehensive income for the period:								
Profit for the period after taxation	-	-	-	-	-	52,514	52,514	52,514
Amount collected for asset replacement reserve	-	-	10,561	10,561	-	(10,561)	(10,561)	-
Amount utilized from fixed assets replacement reserve	-	-	(19,782)	(19,782)	-	19,782	19,782	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(706)	-	(706)	-	706	706	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	-	3,563	3,563	3,563
Balance as at September 30, 2019 (unaudited)	3,671,870	205,156	52,897	258,053	426	1,375,856	1,447,633	5,377,556
Balance as at July 01, 2020 (audited)	3,671,870	291,374	15,157	306,531	426	1,614,182	1,695,316	5,673,717
Total comprehensive income for the period:								
Profit for the period after taxation	-	-	-	-	-	68,709	68,709	68,709
Amount collected for asset replacement reserve	-	-	11,374	11,374	-	(11,374)	(11,374)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(1,065)	-	(1,065)	-	1,065	1,065	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	-	4,536	4,536	4,536
Balance as at September 30, 2020 (unaudited)	3,671,870	290,309	26,531	316,840	426	1,672,582	1,758,252	5,746,962

The annexed notes from 1 to 29 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 THREE MONTHS ENDED SEPTEMBER 30, 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 and Lahore Stock Exchange Limited 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 three months ended September 30, 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, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 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 three months ended September 30, 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, 2020.

4 TAXATION

The provision for taxation for the three months ended September 30, 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, 2020.

	September 30, 2020	June 30, 2020
	(Rupees in '000)	
Note	Unaudited	Audited
Operating assets	6.1 1,043,895	1,050,604
Capital work in progress	6.2 2,956	3,871
	<u>1,046,851</u>	<u>1,054,475</u>

6 PROPERTY AND EQUIPMENT

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
(Rupees in '000)														
Net carrying value basis														
Period ended September 30, 2020														
Opening net book value(NBV)	595,168	314,579	2,909	3,497	-	121,637	3,470	72	872	2,970	1,651	3,092	687	1,050,604
Additions (at cost)	-	-	-	-	-	-	12	-	2,035	-	-	-	-	2,047
Depreciation charge for the period	(1,664)	(2,425)	(185)	(202)	-	(3,260)	(262)	(7)	(316)	(135)	(63)	(194)	(43)	(8,756)
Net book value	593,504	312,154	2,724	3,295	-	118,377	3,220	65	2,591	2,835	1,588	2,898	644	1,043,895
Gross carrying value basis														
Period ended September 30, 2020														
Cost/revalued amount	595,168	314,579	67,575	154,582	5,521	130,464	10,020	12,033	6,493	6,710	3,074	4,588	3,684	1,314,491
Accumulated depreciation	(1,664)	(2,425)	(64,851)	(151,287)	(5,521)	(12,087)	(6,800)	(11,968)	(3,902)	(3,875)	(1,486)	(1,690)	(3,040)	(270,596)
Net book value	593,504	312,154	2,724	3,295	-	118,377	3,220	65	2,591	2,835	1,588	2,898	644	1,043,895
Net carrying value basis														
Period ended June 30, 2020														
Opening net book value (NBV)	532,520	296,206	7,911	15,720	430	38,884	2,686	48	510	3,352	1,436	107	246	900,076
Additions (at cost)	-	-	518	-	-	-	1,276	42	354	233	-	646	711	3,780
Transfers from CWIP	-	-	-	-	-	92,002	465	-	484	29	461	3,809	-	97,250
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	(13,645)	-	-	-	-	-	(647)	-	(14,292)
Accumulated depreciation	-	-	-	-	-	13,513	-	-	-	-	-	-	-	13,513
	-	-	-	-	-	(132)	-	-	-	-	-	(647)	-	(779)
Revaluation adjustment for the year	69,304	28,147	-	-	-	-	-	-	-	-	-	-	-	97,451
Depreciation charge for the year	(6,656)	(9,774)	(5,520)	(12,223)	(430)	(9,117)	(957)	(18)	(476)	(644)	(266)	(823)	(270)	(47,174)
Net book value	595,168	314,579	2,909	3,497	-	121,637	3,470	72	872	2,970	1,651	3,092	687	1,050,604
Gross carrying value basis														
Period ended June 30, 2020														
Cost/revalued amount	551,168	335,386	67,575	154,582	5,521	130,464	10,008	12,033	4,458	6,710	3,074	4,588	3,684	1,289,251
Revaluation adjustment for the year	69,304	28,147	-	-	-	-	-	-	-	-	-	-	-	97,451
Accumulated depreciation	(25,304)	(48,954)	(64,666)	(151,085)	(5,521)	(8,827)	(6,538)	(11,961)	(3,586)	(3,740)	(1,423)	(1,496)	(2,997)	(336,098)
Net book value	595,168	314,579	2,909	3,497	-	121,637	3,470	72	872	2,970	1,651	3,092	687	1,050,604
Depreciation rate per annum	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	33%

6.2 Capital work in progress

Description	Balance as on June 30, 2020	Additions	Transfers / Charged off	Balance as on September 30, 2020
	------(Rupees in '000)-----			
Electrical equipment	1,694	-	-	1,694
Security systems	915	-	915	-
HVAC	1,262	-	-	1,262
	<u>3,871</u>	<u>-</u>	<u>915</u>	<u>2,956</u>

	Note	September 30, 2020	June 30, 2020
		(Rupees in '000)	
		Unaudited	Audited
7 LONG TERM INVESTMENTS			
Long term investments-under equity method	7.1	228,529	215,069
Long term investments-FVTOCI	7.2	137,163	132,627
		<u>365,692</u>	<u>347,696</u>
7.1 Long term investments-under equity method			
National Clearing Company of Pakistan Limited	7.1.1	217,947	204,487
Pakistan Mercantile Exchange Limited (PMEX)	7.1.2	10,582	10,582
		<u>228,529</u>	<u>215,069</u>
7.1.1 National Clearing Company of Pakistan Limited			
Investment - at cost		82,207	82,207
Share in post acquisition profits brought forward		122,280	93,419
Share in profits for the year		13,460	29,644
Share in other comprehensive loss for the year		-	(783)
		<u>13,460</u>	<u>28,861</u>
		<u>217,947</u>	<u>204,487</u>
7.1.2 The investment in PMEX is based on their financial statements of June 30, 2020 as quarterly financial statements are not available.			
7.2 Long term investments- FVTOCI			
Central Depository Company of Pakistan Limited	7.2.1	130,717	126,529
VIS Credit Rating Company Limited	7.2.2	6,446	6,098
		<u>137,163</u>	<u>132,627</u>
7.2.1 Central Depository Company of Pakistan Limited			
Investment - at cost		47,163	47,163
Fair value adjustment		83,554	79,366
		<u>130,717</u>	<u>126,529</u>

		September 30, 2020	June 30, 2020
		(Rupees in '000)	
	Note	Unaudited	Audited
7.2.2	VIS Credit Rating Company Limited		
	Investment - at cost	4,756	4,756
	Fair value adjustment	1,690	1,342
		<u>6,446</u>	<u>6,098</u>
8	ACCOUNT RECEIVABLES		
	(Unsecured)		
	Considered good		
	Due from building tenants	175	2,140
	Considered doubtful based on expected credit loss (ECL)	167	167
		<u>342</u>	<u>2,307</u>
	Allowance for ECL	(167)	(167)
		<u>175</u>	<u>2,140</u>
9	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Considered good		
	Advances to staff	301	454
	Advances to contractor	5,404	5,097
	Deposits and prepayments	1,287	535
	Considered doubtful based on expected credit loss (ECL)	225	225
		<u>7,217</u>	<u>6,311</u>
	Allowance for ECL	(225)	(225)
		<u>6,992</u>	<u>6,086</u>
10	OTHER RECEIVABLES		
	Considered good		
	Receivable from building occupants	10.1 37,450	41,776
	Due from sub lessee	10.2 500	500
	Others	2,813	2,931
		<u>40,763</u>	<u>45,207</u>
	Considered doubtful based on expected credit loss (ECL)	1,273	1,273
		<u>42,036</u>	<u>46,480</u>
	Allowance for Expected Credit Losses	(1,273)	(1,273)
		<u>40,763</u>	<u>45,207</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.		

		September 30, 2020	June 30, 2020
		(Rupees in '000)	
	Note	Unaudited	Audited
11	TAX REFUND DUE FROM GOVERNMENT - NET		
	Income tax - opening	35,842	54,759
	Advance - Income tax paid during the period/ year	9,101	47,862
		<u>44,943</u>	<u>102,621</u>
	Provision for taxation for the period/ year	(15,483)	(66,779)
	Income tax - closing	<u>29,460</u>	<u>35,842</u>

12 SHORT TERM INVESTMENT

This represents investment in treasury bills (T-Bills) having maturity between October 08, 2020 to December 31, 2020 and carries average yield rate of 6.88% per annum (June 30, 2020: 8%).

		September 30, 2020	June 30, 2020
		(Rupees in '000)	
	Note	Unaudited	Audited
13	CASH AND BANK BALANCES		
	Cash at banks		
	Saving accounts		
	- Local currency	28,498	62,454
	- Foreign currency (USD)	376	381
		<u>28,874</u>	<u>62,835</u>
	Cash in hand	43	20
		<u>28,917</u>	<u>62,855</u>

13.1 Balances in PLS accounts carry effective interest rate is 5.5% (June 30, 2020: 5.5%) per annum.

		September 30, 2020	June 30, 2020
		(Rupees in '000)	
	Note	Unaudited	Audited
14	SHARE CAPITAL		
14.1	Issued, subscribed and paid up capital:		
	Number of ordinary shares of Rs.10/-each		
	<u>30-Sep-20</u> <u>30-Jun-20</u>		
	367,186,963 367,186,963	3,671,870	3,671,870
	Ordinary shares issued for consideration other than cash	<u>3,671,870</u>	<u>3,671,870</u>

15 OTHER RESERVES

	Capital Reserves		
	- Fixed assets replacement reserve	26,531	15,157
	Revenue Reserve	1,758,252	1,695,316
		<u>1,784,783</u>	<u>1,710,473</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.

		September 30, 2020	June 30, 2020
		(Rupees in '000)	
	Note	Unaudited	Audited
16 ACCRUED AND OTHER PAYABLES			
Proceeds from sale of assets of members in default		12,526	12,526
Payable to sub lessees		11,375	11,375
Accrued liabilities		23,570	22,502
Withholding tax payable		188	97
Corporate social responsibility		4,869	4,619
Other payables		5,742	5,977
		<u>58,270</u>	<u>57,096</u>
17 ADVANCE RENT AND DEPOSITS			
Advance rent		69,115	91,613
Deposit from members against exposure and clearing house		1,070	1,070
Retention money		10,094	10,376
Others		374	374
		<u>80,653</u>	<u>103,433</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, 2020.			
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, 2020.			
c) Tax contingencies			
There has been no significant change in the status of tax contingencies disclosed as at June 30, 2020.			
18.2 Commitment			
Company's commitments for capital expenditure are Rs. 88 million (June 30, 2020: Rs. 88 million).			

	Note	September 30	
		2020	2019
		(Rupees in '000)	
		Unaudited	
19 OPERATING INCOME			
Rental income from investment property		66,466	66,090
Other rentals		1,959	2,049
		<u>68,425</u>	<u>68,139</u>
20 OTHER ADMINISTRATIVE EXPENSES			
Salaries and benefits		3,033	3,211
Directors' remuneration		-	500
Travelling and lodging		36	56
Postage, telephone and fax		102	136
Printing and stationery		81	65
News papers, books and periodicals		9	14
Publicity and advertisements		44	-
Rent, rates and taxes		982	980
Legal and professional charges		619	393
Contract services		160	69
Repairs and maintenance		69	16
Meetings and entertainment		187	316
MIS / technology charges		77	121
Electricity, gas and water		1,010	1,068
Insurance		630	738
Corporate social responsibility		250	250
Miscellaneous		41	77
		<u>7,330</u>	<u>8,010</u>
21 OTHER OPERATING INCOME			
Income from financial assets:			
Profit on bank deposits & investment		8,051	11,253
Exchange (loss) / gain		(5)	(2)
Income from non financial assets:			
Gain on disposal of operating fixed assets		-	179
Room transfer fee		603	201
Income from branding		441	331
Asset service charges from tenants/occupants		5,319	5,045
Others	21.1	3,929	2,789
		<u>18,338</u>	<u>19,796</u>

21.1 This includes car parking fee amounting to Rs. 2.199 million and split unit charges amounting Rs. 0.790 million.

	Note	September 30, 2020 (Rupees in '000) ----- Unaudited -----	September 30, 2019
22 CASH GENERATED FROM OPERATIONS			
Profit before taxation		84,003	67,828
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation/amortization		8,870	16,997
Profit on bank deposits & investment		(8,051)	(11,253)
Exchange gain		5	2
(Gain)on sale of operating assets		-	(179)
Share of profits from associated companies		(13,460)	(4,928)
Provision for gratuity		854	727
Provision for compensated absences		191	371
Financial charges		20	27
Working capital changes	22.1	(16,304)	(35,131)
		<u>56,128</u>	<u>34,461</u>

22.1 Changes in working capital

Decrease / (increase) in current assets

Account receivables	1,965	(3,050)
Advances, deposits and prepayments including long term advance	3,538	(10,481)

Increase / (decrease) in current liabilities

Accrued and other payables	1,174	(22,474)
Advance rent and deposits	(22,780)	874
Unclaimed dividend	(201)	-
	<u>(16,304)</u>	<u>(35,131)</u>

23 RELATED PARTY TRANSACTIONS

Related parties include associated companies, directors and key management personnel. Investments in and balances with associated companies and other related parties are disclosed in the relevant notes to this financial statements. Transactions with related parties are as follows:

Transactions with associates

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

National Clearing Company of Pakistan Limited

Utility charges	767	804
Amount received against utility charges	519	762

Pakistan Mercantile Exchange Limited

Utility charges	81	86
Amount received against utility charges	76	84

Transactions with directors

Utility charges	697	766
Amount received against utility charges	457	701

23.1 Remuneration of chief executive officer, executives and directors

	September 30,		September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
	Chief Executive Officer		Executives		Directors		Total	
(Rupees in '000)								
Managerial remuneration	924	924	610	1,107	-	-	1,534	2,031
Meeting fee	-	-	-	-	-	500	-	500
	924	924	610	1,107	-	500	1,534	2,531
Number of persons	1	1	1	3	10	10	12	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 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 period ended September 30, 2020, there were no transfers into or out of Level 3 fair value measurements.

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

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

	As at September 30, 2020			
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Assets				
Financial assets at fair value through other comprehensive income	-	-	365,692	365,692

As at June 30, 2020			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Financial assets at fair value through other comprehensive income			
-	-	347,696	347,696

24.2 The investment property was valued on June 30, 2020 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at September 30, 2020			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Investment in property carried at fair value			
-	-	3,845,837	3,845,837

As at June 30, 2020			
Level 1	Level 2	Level 3	Total
-----Rupees-----			
Assets			
Investment in property carried at fair value			
-	-	3,845,837	3,845,837

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:

	September 30, 2020 (Rupees in '000) Unaudited	June 30, 2020 Audited
Opening balance (level 3 recurring fair values)	3,845,837	3,845,837
Fair value gain arised during the year	-	-
Closing balance (level 3 recurring fair values)	<u>3,845,837</u>	<u>3,845,837</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, 2020 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 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the period ended September 30, 2020, the general body has approved the final cash dividend for the year ended June 30, 2020 of Rs. 0.33 per share, amounting to Rs. 121 Million at their meeting held on October 28, 2020.

26 CORRESPONDING FIGURES

The corresponding figures have been rearranged, wherever considered necessary for the purposes of comparison and better presentation.

27 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company reduced its operational activities from March 23, 2020. The lockdown was subsequently relaxed from end of May, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations at full from June 1, 2020 and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, management has assessed the financial implications of these developments on these financial statements, including expected credit losses and going concern assumption. According to management's assessment, there is no significant financial impact of the effects of COVID-19 in these financial statements.

28 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on October 28, 2020

29 GENERAL

Figures have been rounded off to the nearest thousand.


CHAIRMAN


CHIEF EXECUTIVE OFFICER