

DIRECTORS REPORT

The Board of Directors of ISE Towers REIT Management Company Limited (the Company) are pleased to present their report together with Interim financial statements of the Company and the auditors' report thereon for the period ended December 31, 2021.

Financial results

The net profit after tax for the year ended December 31, 2021, has been recorded at Rs. 155.52 million with EPS of Rs. 0.42 per share as compared to last period profit of Rs. 140.97 million (EPS: 0.38). The increase in net profit is mainly on account of increase in revenues and increase in other operating income. The operating income amounted to Rs. 153.23 million against comparative figure of Rs. 137.99 million recording an increase of 11%. Other income amounting to Rs. 51.42 million also registered an increase of 24% over the comparative figure of Rs. 41.39 million. Administrative expenses for the year remained within the budgetary authorization. The Company contributed an amount of Rs. 40.02 million to the Government Exchequer in the form of the taxes and Rs. 25.73 million towards Assets Replacement Reserve as compared to previous period figures of Rs. 31.20 and Rs. 21.28 million. The Company paid final dividend of Rs. 220.31 million during the period. There is no significant change in the balance sheet items during the period under review.

Business Overview

The Company in line with its objective, has been pursuing the launch of "ISE Towers REIT Scheme" being a pilot project which was pending due to completion certificate from Capital Development Authority. Consequent upon recent pro-REIT amendments in the Real Estate Investment Trust Regulations, 2015 by Securities and Exchange Commission of Pakistan (SECP) whereby an alternative to completion certificate was introduced, the Company has immediately taken up the matter and in accordance with requirement of the Companies Act, 2017, the launch of the ISE Towers REIT Scheme, as a Rental REIT Scheme, has unanimously been approved by the general body of the Company in its meeting held on February 02, 2022. The Company now aims to launch the ISE Towers REIT Scheme on top priority. The Company has already completed the documents including trust deed, business plan etc. for registration of the Trust with SECP. The working papers for IPO is ready and ISE Towers REIT Scheme will be listed on Pakistan Stock Exchange (PSX) under Rule Book of PSX, soon after the registration of REIT Scheme. The Company, however, is putting all its efforts in obtaining the completion certificate of ISE Towers building.

Subsequent to the period end, the new Board of Directors has been elected and the Board committed to launch other REIT Schemes in order to promote the business of the Company, in addition to the ISE Towers REIT Scheme. Additionally, the Digital Custodian Company (DCCL), a subsidiary of the Company, has also been progressing and has been granted additional licenses including share registrar services, debt securities trustees etc. which will ultimately help to develop the Company's investment portfolio and will ultimately create value for the Company.


Acknowledgement

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

For and on behalf of the Board


Zahid Latif Khan
Chairman

Islamabad, February 21, 2022


Sagheer Mushtaq
Chief Executive Officer

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF THE ISE TOWERS REIT MANAGEMENT COMPANY LIMITED (THE COMPANY)****Report on review of unconsolidated condensed interim financial statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **ISE Towers Reit Management Company Limited ("the Company")** as at December 31, 2021, and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements (here-in-after referred to as the 'condensed interim financial statements') for the six months period ended December 31, 2021. The Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six months period ended December 31, 2021 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Shahzad Ali.

**Chartered Accountants****Place: Islamabad****Date: February 23, 2022****UDIN: RR20211013436eSnQ7FX**

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	1,100,200	1,116,448
Intangible assets		620	835
Investment property	8	4,046,972	4,046,972
Long term investments	9	429,066	425,426
Long term security deposits and advances		14,704	14,704
Deferred taxation		75,115	74,516
		<u>5,666,677</u>	<u>5,678,901</u>
CURRENT ASSETS			
Receivables	10	34,737	44,154
Advances, deposits and prepayments	11	7,924	3,572
Tax refund due from government - net	12	13,946	27,555
Short term investment	13	477,668	559,772
Cash and bank balances	14	74,196	64,320
		<u>608,471</u>	<u>699,373</u>
TOTAL ASSETS		<u><u>6,275,148</u></u>	<u><u>6,378,274</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	15	3,671,870	3,671,870
Surplus on revaluation of property and equipment		366,010	369,294
Other reserves	16	2,062,410	2,117,988
		<u>6,100,290</u>	<u>6,159,152</u>
NON-CURRENT LIABILITIES			
Long term deposits		22,990	22,554
Deferred liabilities		17,473	15,646
		<u>40,463</u>	<u>38,200</u>
CURRENT LIABILITIES			
Accrued and other payables	17	56,828	62,268
Advances and deposits	18	60,626	104,447
Unclaimed dividend		16,941	14,207
		<u>134,395</u>	<u>180,922</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,275,148</u></u>	<u><u>6,378,274</u></u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.


CHAIRMAN



CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Note	Six months ended December 31,		Three months ended December 31,	
		2021	2020	2021	2020
(Rupees in '000)					
Income					
Operating income	20	153,227	137,991	77,314	69,566
Administrative expenses					
Depreciation / amortization		(20,152)	(18,766)	(10,014)	(9,896)
Other administrative expenses	21	(19,496)	(18,192)	(11,164)	(10,862)
		(39,648)	(36,958)	(21,178)	(20,758)
Other operating income	22	51,423	41,392	28,342	22,875
Financial charges		(39)	(36)	(20)	(16)
Operating profit		164,963	142,389	84,458	71,667
Share of profits from associated companies		30,572	29,782	13,913	16,322
Profit before taxation		195,535	172,171	98,371	87,989
Taxation		(40,020)	(31,204)	(22,996)	(15,910)
Profit after taxation		155,515	140,967	75,375	72,079
Earning per share - basic and diluted	23	0.42	0.38	0.21	0.20

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.


 CHAIRMAN

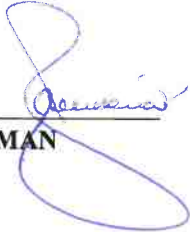

 CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

Six months ended December 31,		Three months ended December 31,	
2021	2020	2021	2020
(Rupees in '000)			

Profit after taxation	155,515	140,967	75,375	72,079
Other comprehensive income				
Items that may be reclassified subsequently to statement of profit or loss:				
Surplus on remeasurement of FVOCI investments	5,935	3,819	(34)	(717)
Total comprehensive income for the period	161,450	144,786	75,341	71,362

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.


 CHAIRMAN


 CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Capital reserve				Revenue reserves				Total
	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Reserve for replacement of fixed assets(16.1)	Total capital reserves	Surplus on remeasurement of FVTOCI investments to fair value	Unrealized surplus on remeasurement of associate's investments	Unappropriated profit	Total revenue reserves	
Balance as at June 30, 2020 (audited)	3,671,870	291,373	15,157	306,530	80,708	426	1,614,182	1,695,316	5,673,716
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	-	140,967	140,967
Amount collected for asset replacement reserve	-	-	21,282	21,282	-	-	(21,282)	(21,282)	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(4,617)	-	(4,617)	-	-	4,617	4,617	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	4,395	-	-	4,395	4,395
Transaction with owners									
Final dividend for the year ended June 30, 2020 at Rs. 0.33 per share	-	-	-	-	-	-	(121,172)	(121,172)	(121,172)
Balance as at December 31, 2020 (unaudited)	3,671,870	286,756	36,439	323,195	85,103	426	1,617,312	1,702,841	5,697,906
Balance as at June 30, 2021 (audited)	3,671,870	369,294	66,997	436,291	92,389	426	1,958,176	2,050,991	6,159,152
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	155,515	155,515	155,515
Amount collected for asset replacement reserve	-	-	25,725	25,725	-	-	(25,725)	(25,725)	-
Amount utilized from fixed assets replacement reserve	-	-	(3,277)	(3,277)	-	-	3,277	3,277	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(3,284)	-	(3,284)	-	-	3,284	3,284	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	5,935	-	-	5,935	5,935
Transaction with owners									
Final dividend for the year ended June 30, 2021 at Rs. 0.60 per share	-	-	-	-	-	-	(220,312)	(220,312)	(220,312)
Balance as at December 31, 2021 (unaudited)	3,671,870	366,010	89,445	455,455	98,324	426	1,874,215	1,972,965	6,100,290

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

		Six months ended 'December 31, 2021	Six months ended 'December 31, 2020
	Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	24	113,179	121,768
Gratuity paid		-	(2,720)
Compensated absences paid		-	(737)
Income tax paid		(27,013)	(22,164)
Net cash generated from operating activities		<u>86,166</u>	<u>96,147</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(3,688)	(3,866)
Interest received		23,046	20,623
Investment in subsidiary company		-	(9,969)
Investment (made)/encashed during the period - net		82,703	(12,975)
Dividend received		38,830	4,863
Net cash generated from/ (invested) in investing activities		<u>140,891</u>	<u>(1,324)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advances, deposits and other receipts		436	140
Dividend paid		(217,578)	(119,017)
Financial charges paid		(39)	(36)
Net cash used in financing activities		<u>(217,181)</u>	<u>(118,913)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>9,876</u>	<u>(24,090)</u>
Cash and cash equivalents at beginning of the period		<u>64,320</u>	<u>62,855</u>
Cash and cash equivalents at end of the period		<u><u>74,196</u></u>	<u><u>38,765</u></u>

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

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 business unit of the Company is situated in ISE Tower, 55-B, Jinnah Avenue, Islamabad.

- 1.6** The Company has a subsidiary in the name of "Digital Custodian Company Limited (DCCL)" formerly MCB Financial Services Limited.
- 1.7** These are the unconsolidated condensed interim financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the six months ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Accounting Standard - 34: "Interim Financial Reporting (IAS 34)", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Wherever the provisions and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

3 ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2021.

These interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 six months ended December 31, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended June 30, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2021. The carrying amounts of financial assets and financial liabilities are estimated to approximate their fair value as of December 31, 2021.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

5 TAXATION

The provision for taxation for the six months ended December 31, 2021 has been made using the effective tax rate applicable as per Income Tax Ordinance, 2001.

6 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, 2021.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	(Rupees in '000)	
7 PROPERTY AND EQUIPMENT			
Operating assets	7.1	1,099,401	1,115,716
Capital work in progress	7.2	799	732
		<u>1,100,200</u>	<u>1,116,448</u>

7.1 OPERATING ASSETS

Description	Leasehold land	Building on leasehold land	Electrical Equipment	HVAC Equipment	Plumbing Installations	Elevators	Security equipment	IT equipment	Security systems	Furniture and fixture equipment	Vehicles	Computers & accessories	Total
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(Rupees in '000)

Net carrying value basis

Period ended December 31, 2021

Opening net book value (NBV)	655,306	327,473	4,452	4,741	-	108,595	5,743	115	1,811	3,169	1,610	2,316	385	1,115,716
Additions (at cost)	-	-	-	-	-	-	978	-	353	-	224	-	119	1,674
Transfer from CWIP	-	-	-	-	-	-	1,467	-	479	-	-	-	-	1,946
Depreciation charge	(4,201)	(5,741)	(449)	(497)	-	(6,521)	(931)	(29)	(584)	(304)	(128)	(388)	(162)	(19,935)
Net book value	651,105	321,732	4,003	4,244	-	102,074	7,257	86	2,059	2,865	1,706	1,928	342	1,099,401

Gross carrying value basis

Period ended December 31, 2021

Cost/revalued amount	655,306	327,473	70,006	156,685	5,521	130,464	15,919	12,118	7,325	7,479	3,517	3,879	3,803	1,399,495
Accumulated depreciation	(4,201)	(5,741)	(66,003)	(152,441)	(5,521)	(28,390)	(8,662)	(12,032)	(5,266)	(4,614)	(1,811)	(1,951)	(3,461)	(300,094)
Net book value	651,105	321,732	4,003	4,244	-	102,074	7,257	86	2,059	2,865	1,706	1,928	342	1,099,401

Net carrying value basis

Year ended June 30, 2021

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)	-	-	419	841	-	-	333	85	1,120	633	155	-	-	3,586
Transfers from CWIP	-	-	2,012	1,262	-	-	3,133	-	915	136	64	-	-	7,522
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	(709)	-	(709)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	709	-	709

Revaluation adjustment for the year

Depreciation charge	(7,534)	(10,656)	(888)	(859)	-	(13,042)	(1,193)	(42)	(1,096)	(570)	(260)	(776)	(302)	(37,218)
Net book value	655,306	327,473	4,452	4,741	-	108,595	5,743	115	1,811	3,169	1,610	2,316	385	1,115,716

Gross carrying value basis

Year ended June 30, 2021

Cost/revalued amount	595,168	314,579	70,006	156,685	5,521	130,464	13,474	12,118	6,493	7,479	3,293	3,879	3,684	1,322,843
Revaluation adjustment for the year	67,672	23,550	-	-	-	-	-	-	-	-	-	-	-	91,222
Accumulated depreciation	(7,534)	(10,656)	(65,554)	(151,944)	(5,521)	(21,869)	(7,731)	(12,003)	(4,682)	(4,310)	(1,683)	(1,563)	(3,299)	(298,349)
Net book value	655,306	327,473	4,452	4,741	-	108,595	5,743	115	1,811	3,169	1,610	2,316	385	1,115,716
Depreciation rate per annum	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	33%

7.2 Capital work in progress-CWIP

Description	Balance as on July 01, 2021	Additions	Transfer to operating assets	Balance as on December 31, 2021
(Rupees in '000')				
Office renovation	-	34	-	34
Security equipment	-	1,728	1,467	261
Smoke venting system	252	252	-	504
Security systems	479	-	479	-
Grand Total	732	2,014	1,946	799

8 INVESTMENT PROPERTY

This represents office spaces in ISE Towers held to earn rentals and for capital appreciation. The carrying value of investment property is the fair value of the property based on the valuation carried by approved independent valuer Asif Associates (Private) Limited on June 30, 2021. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition. There has been no significant change in valuation during the period.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)			
9 LONG TERM INVESTMENTS			
Long term investments-subsiary	9.1	9,969	9,969
Long term investments-under equity method	9.2	268,854	271,148
Long term investments-FVTOCI	9.3	150,243	144,309
		<u>429,066</u>	<u>425,426</u>
9.1 Investments in subsidiary			
Digital Custodian Company Limited (DCCL)	9.1.1	9,969	9,969
		<u>9,969</u>	<u>9,969</u>

9.1.1 The company has acquired 10% of shares of Digital Custodian Company Limited (DCCL) as of November 20, 2020 with effective from October 31, 2020. By virtue of majority directors on Board of DCCL as per Co-Purchase Agreement between DCCL and co-purchaser Info Tech , the investment has been categorized as investment in subsidiary.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)			
9.2 Long term investments-under equity method			
National Clearing Company of Pakistan Limited (NCCPL)		254,804	259,026
Pakistan Mercantile Exchange Limited (PMEX)		14,050	12,122
	9.2.1	<u>268,854</u>	<u>271,148</u>

9.2.1 The balances of long term investments-under equity method have been presented based on management accounts for the half year ended December 31, 2021.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021	
		(Rupees in '000)		
9.3	Long term investments- FVTOCI			
	Central Depository Company of Pakistan Limited	9.3.1	141,720	136,554
	VIS Credit Rating Company Limited (VIS)	9.3.2	8,523	7,755
		9.3.3	<u>150,243</u>	<u>144,309</u>
9.3.1	Central Depository Company of Pakistan Limited (CDC)			
	Investment - at cost		47,163	47,163
	Fair value adjustment		94,557	89,391
			<u>141,720</u>	<u>136,554</u>
9.3.2	VIS Credit Rating Company Limited (VIS)			
	Investment - at cost		4,756	4,756
	Fair value adjustment		3,767	2,999
			<u>8,523</u>	<u>7,755</u>
9.3.3	The balances of long term investments have been presented on management accounts for half year ended December 31, 2021.			

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021	
		(Rupees in '000)		
10	RECEIVABLES			
	Considered good			
	Rent Receivable		196	82
	Receivable from building occupants	10.1	31,288	40,639
	Due from sub lessee	10.2	500	500
	Others		2,753	2,933
			<u>34,737</u>	<u>44,154</u>
	Considered doubtful based on expected credit loss (ECL)		1,440	1,440
			<u>36,177</u>	<u>45,594</u>
	Allowance for Expected Credit Losses		(1,440)	(1,440)
			<u>34,737</u>	<u>44,154</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.			

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)			
11	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Considered Good		
	Advances to staff	667	429
	Advances to contractors	6,205	2,594
	Deposits and prepayments	1,052	549
	Considered doubtful based on expected credit loss (ECL)	225	225
		<u>8,149</u>	<u>3,797</u>
	Allowance for expected credit loss (ECL)	(225)	(225)
		<u>7,924</u>	<u>3,572</u>
12	TAX REFUND DUE FROM GOVERNMENT - NET		
	Income tax - opening	27,555	35,842
	Advance - Income tax paid during the period/year	27,013	57,167
		<u>54,568</u>	<u>93,009</u>
	Provision for taxation for the period /year	(40,622)	(65,454)
	Income tax - closing	<u>13,946</u>	<u>27,555</u>

13 SHORT TERM INVESTMENT

13.1 This represents investment in treasury bills (T-Bills) having maturity between January 13, 2022 to March 10, 2022 and carries yield rate ranging from 8.17% to 10.65% per annum (June 30, 2021: 7.31% to 7.37%).

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)			
14	CASH AND BANK BALANCES		
	Cash at banks		
	Savings account		
	- Local currency	14.1 73,759	63,923
	- Foreign currency (USD)	400	359
		<u>74,159</u>	<u>64,282</u>
	Cash in hand	37	38
		<u>74,196</u>	<u>64,320</u>

14.1 Balances in PLS accounts carry effective interest rate is 7.2% (June 30, 2021: 5.5%) per annum.

15 SHARE CAPITAL

15.1 Authorized share capital

Authorized share capital represents 700,000,000 (June 30, 2021: 700,000,000) ordinary shares of Rs. 10 each amounting to Rs. 7,000,000,000 (June 30, 2021: Rs. 7,000,000,000).

15.2 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/-each		(Un-audited) December 31, 2021	(Audited) June 30, 2021
31-Dec-21	30-Jun-21	(Rupees in '000)	
367,186,963	367,186,963	3,671,870	3,671,870

Ordinary shares issued
for consideration other
than cash.

16 OTHER RESERVES

Capital reserve

- Fixed asset replacement reserve

16.1

Revenue reserves

89,445

66,997

1,972,965

2,050,991

2,062,410

2,117,988

16.1 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.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		(Rupees in '000)	
		Note	
17	ACCRUED AND OTHER PAYABLES		
	Payable on account of security brokers in default	18,000	15,321
	Payable to sub lessees	11,375	11,375
	Accrued liabilities	15,949	22,939
	Corporate social responsibility	5,961	5,575
	Other payables	5,543	7,058
		56,828	62,268

18 ADVANCES AND DEPOSITS

Advance rent

49,238

92,947

Deposit from members against exposure and clearing house

970

970

Retention money & security deposits

10,418

10,530

60,626

104,447

19 CONTINGENCIES AND COMMITMENTS**19.1 Contingencies****a) Legal case against the Company:**

There has been no significant change in the status of contingent liabilities disclosed as at June 30, 2021.

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, 2021.

c) **Tax contingencies**

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2021.

19.2 Commitments

There has been no significant change in the status of commitments disclosed as at June 30, 2021.

	Six months ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
Note	(Rupees in '000)			
20 OPERATING INCOME				
Rental income from investment property	148,526	134,034	74,964	67,568
Other rentals	4,701	3,957	2,350	1,998
	153,227	137,991	77,314	69,566
21 OTHER ADMINISTRATIVE EXPENSES				
Salaries and benefits	6,542	6,061	3,278	3,028
Directors' remuneration	1,900	850	1,900	850
Travelling and lodging	266	105	147	69
Postage, telephone and fax	292	247	146	145
Printing and stationery	845	545	422	464
News papers, books and periodicals	36	22	22	13
Publicity and advertisements	16	44	8	-
Rent, rates and taxes	2,044	2,041	1,030	1,059
Legal and professional charges	1,795	3,529	1,067	2,910
Auditors' remuneration	178	120	178	120
Contract services	273	342	127	182
Repairs and maintenance	172	197	73	128
Meetings and entertainment	594	429	348	242
MIS / technology charges	262	172	153	95
Electricity, gas and water	1,786	1,525	787	515
Insurance	1,247	1,228	619	598
Real estate agent fee	470	-	470	-
Corporate social responsibility	500	500	250	250
Miscellaneous	278	235	139	194
	19,496	18,192	11,164	10,862
22 OTHER OPERATING INCOME				
Income from financial assets:				
Profit on bank deposits & investment	23,601	16,297	11,799	8,246
Exchange gain / (loss)	41	(16)	13	(11)
Dividend received	5,963	4,863	5,963	4,863
Income from non financial assets:				
Room transfer fee	1,008	1,350	201	747
Income from branding	447	772	223	331
Asset service charges from tenants/occupants	12,863	10,641	6,482	5,322
Others	7,500	7,485	3,661	3,556
	51,423	41,392	28,342	22,875

22.1 This includes car parking fee amounting to Rs. 4.794 million and split unit charges amounting Rs. 1.412 million.

23 EARNING PER SHARE -BASIC AND DILUTED

Profit after tax (Rs.)	155,515,000	140,967,000	75,375,000	72,258,000
Weighted average number of ordinary shares (Number	367,186,963	367,186,963	367,186,963	367,186,963
Basic and diluted earning per share (Rupees)	0.42	0.38	0.21	0.20

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Un-audited) December, 31, 2020
24 CASH GENERATED FROM OPERATIONS			
Profit before taxation		195,535	172,171
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation/amortization		20,152	18,764
Profit on bank deposits & investment		(23,601)	(16,297)
Exchange (gain)/ loss		(41)	16
Dividend income		(5,963)	(4,863)
Share of profits from associated companies		(30,572)	(29,782)
Provision for gratuity		1,353	1,708
Provision for compensated absences		473	383
Financial charges		39	36
Working capital changes	24.1	(44,196)	(20,368)
		<u>113,179</u>	<u>121,768</u>
24.1 Changes in working capital			
Decrease / (increase) in current assets			
Receivables		9,417	12,245
Advances, deposits and prepayments including long term advance		(4,352)	379
Increase / (decrease) in current liabilities			
Accrued and other payables		(5,440)	3,435
Advances and deposits		(43,821)	(36,427)
		<u>(44,196)</u>	<u>(20,368)</u>

25 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 these financial statements. Transactions with related parties are as follows:

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Un-audited) December, 31, 2020
Transactions with associates			
Associate companies (related parties by virtue of common directorship)			
National Clearing Company of Pakistan Limited			
Utility charges		1,540	1,457
Amount received against utility charges		1,303	1,246

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Un-audited) December 31, 2020
Pakistan Mercantile Exchange Limited (PMEX)			
Utility charges		193	161
Amount received against utility charges		155	162
Digital Custodian Company Limited			
Utility/ rent charges		612	521
Amount received against utility/ rent charges		575	522
Transactions with directors			
Utility charges		2,335	1,336
Amount received against utility charges		1,967	1,137

25.1 Remuneration of chief executive officer, executives and directors

	December 31,		December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
	Directors		Chief Executive Officer		Executives		Total	
	(Rupees in '000)							
Managerial remuneration	-	-	2,218	1,848	1,464	1,220	3,682	3,068
Gratuity paid	-	-	-	-	-	-	-	-
Meeting fees	1,900	850	-	-	-	-	1,900	850
	1,900	850	2,218	1,848	1,464	1,220	5,582	3,918
Number of persons	10	10	1	1	1	1	12	12

26 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair values of all the financial assets and liabilities at the reporting date approximate to their carrying value.

Transfers during the period

During the six month period ended December 31, 2021, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2021 and June 30, 2021 the Company held financial instruments carried at fair value which comprising long term investment - FVTOCI. Moreover, Investment property is measured at fair value.

26.1 Investments of the Company carried at fair value are categorized as follows:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets	(Rupees in '000)			
Financial assets at fair value through Other comprehensive income	-	-	150,243	150,243

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through Other comprehensive income	(Rupees in '000)			
	-	-	144,309	144,309

26.2 The investment property was valued on June 30, 2021 carried out by external independent valuer M/s Asif Associates (Private) Limited.

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets	(Rupees in '000)			
Investment in property carried at fair value	-	-	4,046,972	4,046,972

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investment in property carried at fair value	(Rupees in '000)			
	-	-	4,046,972	4,046,972

26.3 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 categorized in level 3 is provided below:

Note	(Un-audited)	(Audited)
	December 31, 2021	June 30, 2021
	(Rupees in '000)	
Opening balance (level 3 recurring fair values)	4,046,972	3,743,586
Fair value gain raised during the period/year	-	102,251
Closing balance (level 3 recurring fair values)	4,046,972	3,845,837

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, 2021 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.

27 CORRESPONDING FIGURES

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

28 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 21, 2022

29 GENERAL

Figures have been rounded off to the nearest thousand rupee.



CHAIRMAN



CHIEF EXECUTIVE OFFICER