

Directors' Report

The Board of Directors of ISE Towers REIT Management Company Limited (the Company) are pleased to present their report together with the interim financial statements of the Company and the auditors' review report thereon for the six months period ended December 31, 2023.


The Company registered a net profit after tax for the period of Rs. 235.94 million (EPS: Rs. 0.64 per share) as compared to comparative period profit of Rs. 199.79 million (EPS: Rs. 0.54 per share). The increase in net profit is mainly on account of increase in operating revenues, profits on bank deposits & investment and share of profits from associated companies. The operating revenue amounted to Rs. 185.88 million against the comparative figure of Rs. 174.56 million witnessing an increase of 6.5%. Other income amounting to Rs. 123.82 million showed an increase of 44.90% over the comparative figure of Rs. 85.45 million. Administrative expenses, excluding depreciation & amortization for the period, amounting to Rs. 26.83 million increased by 18.6% over the comparative figure of Rs. 22.62 million.

The Balance sheet footing of December 31, 2023 remained strong i.e., at Rs. 7,716.31 million.


The Real Estate Investment Trust (REIT) sector has been showing continuous growth. Although, it has now been facing headwinds due to withdrawal of Capital Gain Tax exemption and increase in withholding tax to 3% vide Finance Act, 2023 coupled with higher construction cost, however, robust governance arrangements, and enhanced transparency and investor protection mechanism can be expected to position Pakistan's REIT sector as a viable emerging investment destination for both local and foreign investors. The Company is also at its last stage to launch its first REIT i.e., ISE Towers REIT Scheme, being a pilot project. The Trust has been registered with Directorate of Industries and Commerce, Sindh. Moreover, the Securities and Exchange Commission of Pakistan has also granted its consent as deemed registration of the ISE Towers REIT Scheme. Accordingly, the Company is in the process for transfer of property to Trust and subsequent listing thereof.

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

On behalf of Board of Directors



Sagheer Mushtaq
Chief Executive



Zahid Latif Khan
Chairman

Islamabad, March 05, 2024



**ISE TOWERS REIT MANAGEMENT COMPANY
LIMITED**

INTERIM FINANCIAL STATEMENTS

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2023**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ISE TOWERS REIT MANAGEMENT COMPANY LIMITED

Report on review of 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, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (herein after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with international financial reporting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards 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 enquiries, 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 are not prepared, in all material respects, in accordance with the international financial reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.





The engagement partner on the review resulting in this independent review report is Atif Riaz.

ISLAMABAD

DATED: 05 MAR 2024

UDIN: RR202310060tHBxo2VFG

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023

	Note	(Un-audited) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	1,245,703	1,195,577
Intangible assets		1,881	1,962
Investment property	8	5,096,305	5,096,305
Long term investments	9	563,878	496,060
Long term deposits		14,778	14,906
Deferred taxation		26,168	25,352
		<u>6,948,713</u>	<u>6,830,162</u>
CURRENT ASSETS			
Receivables	10	63,789	68,041
Advances and prepayments	11	10,001	7,139
Short term investment	12	615,287	841,747
Cash and bank balances	13	78,516	83,008
		<u>767,593</u>	<u>999,935</u>
TOTAL ASSETS		<u><u>7,716,306</u></u>	<u><u>7,830,097</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 700,000,000 (2023: 700,000,000) ordinary shares of Rs. 10 each		<u>7,000,000</u>	<u>7,000,000</u>
Share capital	14	<u>3,671,870</u>	<u>3,671,870</u>
Surplus on revaluation of property and equipment		426,094	430,096
Other reserves	15	<u>3,346,893</u>	<u>3,432,025</u>
		<u>7,444,857</u>	<u>7,533,991</u>
NON-CURRENT LIABILITIES			
Long term deposits		23,525	23,203
Deferred liabilities		<u>29,223</u>	<u>25,783</u>
		<u>52,748</u>	<u>48,986</u>
CURRENT LIABILITIES			
Accrued and other payables	16	66,528	62,452
Advances and deposits	17	86,928	148,962
Tax payable to government	18	40,049	10,403
Unclaimed dividend		25,196	25,303
		<u>218,701</u>	<u>247,120</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,716,306</u></u>	<u><u>7,830,097</u></u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 30 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 PERIOD ENDED DECEMBER 31, 2023

	Note	Six months ended December 31,		Three months ended December 31,	
		2023	2022	2023	2022
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Income					
Operating income	20	185,879	174,564	93,083	87,156
Administrative expenses					
Depreciation / amortization		(22,909)	(22,072)	(11,355)	(11,034)
Other administrative expenses	21	(26,829)	(22,616)	(16,009)	(12,684)
		(49,738)	(44,688)	(27,364)	(23,718)
Other operating income	22	123,822	85,452	60,421	43,999
Fair value gain on investments classified at FVTPL		104	2,805	-	2,805
Financial charges		(51)	(28)	(37)	(10)
Operating profit		260,016	218,105	126,103	110,232
Share of profits from associated companies		51,412	35,209	31,432	21,477
Profit before taxation		311,428	253,314	157,535	131,709
Taxation		(75,485)	(53,521)	(43,846)	(29,114)
Profit after taxation		235,943	199,793	113,689	102,595
Earnings per share - basic and diluted	23	0.64	0.54	0.31	0.28

The annexed notes from 1 to 30 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 PERIOD ENDED DECEMBER 31, 2023

	Six months ended		Three months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Profit after taxation	235,943	199,793	113,689	102,595
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss:				
Surplus on remeasurement of FVOCI investments	16,407	6,743	9,263	774
Total comprehensive income for the period	<u>252,350</u>	<u>206,536</u>	<u>122,952</u>	<u>103,369</u>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.


CHAIRMAN

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CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	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 FVTOCI investments to fair value	Unrealized surplus on remeasurement of associate's investments	Unappropriated profit		Total revenue reserves
Balance as at June 30, 2022 (Audited)	3,671,870	416,066	111,776	527,842	112,324	426	2,099,138	2,211,888	6,411,600
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	199,793	199,793	199,793
Amount collected for asset replacement reserve	-	-	25,607	25,607	-	-	(25,607)	(25,607)	-
Amount utilized from fixed assets replacement reserve	-	-	(1,402)	(1,402)	-	-	1,402	1,402	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(3,943)	-	(3,943)	-	-	3,943	3,943	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	6,743	-	-	6,743	6,743
Transaction with owners									
Final dividend for the year ended June 30, 2022 at Rs. 0.65 per share	-	-	-	-	-	-	(238,672)	(238,672)	(238,672)
Balance as at December 31, 2022 (Un-audited)	3,671,870	412,123	135,981	548,104	119,067	426	2,039,997	2,159,490	6,379,464
Balance as at June 30, 2023 (Audited)	3,671,870	430,096	150,627	580,723	120,195	426	3,160,777	3,281,398	7,533,991
Total comprehensive income for the period:									
Profit for the period after taxation	-	-	-	-	-	-	235,943	235,943	235,943
Amount collected for asset replacement reserve	-	-	25,638	25,638	-	-	(25,638)	(25,638)	-
Amount utilized from fixed assets replacement reserve	-	-	(106,852)	(106,852)	-	-	106,852	106,852	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(4,002)	-	(4,002)	-	-	4,002	4,002	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	16,407	-	-	16,407	16,407
Transaction with owners									
Final dividend for the year ended June 30, 2023 at Rs. 0.93 per share	-	-	-	-	-	-	(341,484)	(341,484)	(341,484)
Balance as at December 31, 2023 (Un-audited)	3,671,870	426,094	69,413	495,507	136,602	426	3,140,452	3,277,480	7,444,857

The annexed notes from 1 to 30 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 PERIOD ENDED DECEMBER 31, 2023

		Six months ended December 31, 2023	Six months ended December 31, 2022
	Note	Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		311,428	253,314
Adjustment for non-cash charges and other items:	24	(125,502)	(73,650)
		<u>185,926</u>	<u>179,664</u>
Changes in working capital			
Decrease / (increase) in current assets			
Long term security deposits		128	-
Receivables		4,252	(11,482)
Advances, deposits and prepayments including long term advance		(2,862)	(2,239)
		<u>1,518</u>	<u>(13,721)</u>
Increase / (decrease) in current liabilities			
Accrued and other payables		4,076	5,751
Advances and deposits		(62,034)	(61,469)
		<u>(57,958)</u>	<u>(55,718)</u>
Cash generated from operations		129,486	110,225
Income tax paid		(46,656)	(35,866)
Net cash generated from operating activities		<u>82,830</u>	<u>74,359</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(72,952)	(21,280)
Interest received		108,432	59,836
Investment encashed during the period - net		212,149	39,592
Dividend received		6,369	19,740
Net cash generated from investing activities		<u>253,998</u>	<u>97,888</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advances, deposits and other receipts		322	(108)
Dividend paid		(341,591)	(234,530)
Financial charges paid		(51)	(28)
Net cash used in financing activities		<u>(341,320)</u>	<u>(234,666)</u>
Net decrease in cash and cash equivalents		<u>(4,492)</u>	<u>(62,419)</u>
Cash and cash equivalents at beginning of the period		83,008	154,359
Cash and cash equivalents at end of the period	13	<u>78,516</u>	<u>91,940</u>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.


CHAIRMAN

2023


CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1 CORPORATE AND GENERAL INFORMATION

- 1.1 ISE Towers REIT Management Company Limited ("the Company") was incorporated initially as Islamabad Stock Exchange (Guarantee) limited (ISE) in Islamabad, Pakistan on October 25, 1989, under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) for the purpose of carrying out business of stock exchange. On August 27, 2012 the ISE, in accordance with the Stock Exchanges (Corporatization, 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 to change the name and scope of the Company subject to approval of the scheme by Securities and Exchange Commission of Pakistan (SECP).
- 1.3 SECP has approved the scheme of integration under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act) through its order number 01/2016 dated January 11, 2016. As a consequence of this approval of integration, the name and scope of the ISE has been changed. The new name of the Company is "ISE Towers REIT Management Company Limited" which has been licensed as Non-Banking Finance Company.
- 1.4 On January 11, 2016, ISE changed its name and scope of business and got converted from ISE to a REIT Management Company under the repealed Companies Ordinance, 1984, as a consequence of Securities and Exchange Commission of Pakistan's approval of scheme of integration under the Act and accordingly, the agreed assets / liabilities of stock exchange business were transferred to PSX with effect from January 11, 2016. The Company is 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, 2022.
- 1.5 The principal activities of the Company is to launch and manage Real Estate Investment Trust (REIT) under REIT Regulations, 2022.

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 These are the condensed interim financial statements.

2 BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements of the company for the six month ended December 31, 2023 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 for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34: 'Interim Financial Reporting' 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.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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, 2023.

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

3.1 Changes in accounting standards, interpretations and pronouncements

a) Amendments to published accounting and reporting standards which became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

b) Amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Company:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's accounting period beginning on or after January 01, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

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, 2023 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, 2023.

7 PROPERTY AND EQUIPMENT

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	Rupees '000	Rupees '000
Operating assets	7.1	1,140,035	1,159,717
Capital work in progress	7.2	105,668	35,860
		<u>1,245,703</u>	<u>1,195,577</u>

7086,

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	Office equipment	Vehicles	Computers & accessories	Total
(Rupees in '000)														
Net carrying value basis														
Period ended December 31, 2023														
Opening net book value (NBV)	663,602	376,180	12,197	4,125	-	82,511	10,831	334	570	3,485	2,124	3,429	329	1,159,717
Additions (at cost)	-	-	-	-	-	-	969	19	106	9	54	-	352	1,409
Transfers from CWIP	-	-	1,401	-	-	-	261	-	-	75	-	-	-	1,737
Depreciation charge	(4,366)	(7,097)	(817)	(544)	-	(6,521)	(1,827)	(75)	(205)	(355)	(176)	(728)	(117)	(22,828)
Net book value - (Un-audited)	659,236	369,083	12,781	3,581	-	75,990	10,234	278	471	3,214	2,002	2,701	464	1,140,035
Gross carrying value basis														
Period ended December 31, 2023														
Cost/revalued amount	663,602	376,180	81,502	158,057	5,521	130,464	24,418	12,391	7,723	9,052	4,397	7,281	4,318	1,484,906
Accumulated depreciation	(4,366)	(7,097)	(68,721)	(154,476)	(5,521)	(54,474)	(14,184)	(12,113)	(7,252)	(5,838)	(2,395)	(4,580)	(3,854)	(344,871)
Net book value - (Un-audited)	659,236	369,083	12,781	3,581	-	75,990	10,234	278	471	3,214	2,002	2,701	464	1,140,035
Net carrying value basis														
Year ended June 30, 2023														
Opening net book value (NBV)	663,601	369,947	8,422	3,748	-	95,553	6,793	61	1,441	2,507	1,645	4,885	202	1,158,804
Additions (at cost)	-	-	2,478	274	-	-	3,905	343	155	855	546	-	-	8,557
Transfers from CWIP	-	-	2,644	1,098	-	-	2,784	-	137	828	280	-	414	8,184
Revaluation adjustment for the year	8,619	19,682	-	-	-	-	-	-	-	-	-	-	-	28,301
Depreciation charge	(8,618)	(13,449)	(1,347)	(995)	-	(13,042)	(2,651)	(70)	(1,163)	(704)	(347)	(1,456)	(287)	(44,129)
Net book value - (Audited)	663,602	376,180	12,197	4,125	-	82,511	10,831	334	570	3,485	2,124	3,429	329	1,159,717
Gross carrying value basis														
Year ended June 30, 2023														
Cost/revalued amount	663,601	369,947	80,101	158,057	5,521	130,464	23,188	12,372	7,617	8,968	4,343	7,281	4,066	1,475,526
Revaluation adjustment for the year	8,619	19,682	-	-	-	-	-	-	-	-	-	-	-	28,301
Accumulated depreciation	(8,618)	(13,449)	(67,904)	(153,932)	(5,521)	(47,953)	(12,357)	(12,038)	(7,047)	(5,483)	(2,219)	(3,852)	(3,737)	(344,110)
Net book value - (Audited)	663,602	376,180	12,197	4,125	-	82,511	10,831	334	570	3,485	2,124	3,429	329	1,159,717
Depreciation rate per annum	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	33%

70%

7.2 Capital work in progress-CWIP

Description	(Audited) Balance as on June 30, 2023	Additions	Transfer to operating assets	(Un-audited) Balance as on December 31, 2023
	-----Rupees '000-----			
Office renovation	-	75	75	-
Electrical equipment	-	1,401	1,401	-
Security equipment	-	261	261	-
Smoke venting system	35,860	68,255		104,115
Plumbing installations	-	1,553	-	1,553
Total	35,860	71,545	1,737	105,668

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, 2023. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition. There has been no material change in valuation during the period.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
		Rupees '000	Rupees '000
9 LONG TERM INVESTMENTS			
Long term investments-under equity method	9.1	375,357	323,946
Long term investments-FVTOCI	9.2	188,521	172,114
		<u>563,878</u>	<u>496,060</u>

9.1 Long term investments-under equity method

National Clearing Company of Pakistan Limited (NCCPL)		281,898	252,476
Pakistan Mercantile Exchange Limited (PMEX)		79,610	57,621
Digital Custodian Company Limited (DCCL)		13,849	13,849
	9.1.1	<u>375,357</u>	<u>323,946</u>

9.1.1 The balances of long term investments in PMEX have been presented based on management accounts for the half year ended December 31, 2023. Whereas the balances in DCCL have been presented on audited figures of June 30, 2023.

	Note	(Un-audited) December 31, 2023 Rupees'000	(Audited) June 30, 2023 Rupees'000
9.2 Long term investments- FVTOCI			
Central Depository Company of Pakistan Limited (CDC)	9.2.1	178,621	161,941
VIS Credit Rating Company Limited (VIS)	9.2.2	9,900	10,173
	9.2.3	<u>188,521</u>	<u>172,114</u>
9.2.1 Central Depository Company of Pakistan Limited (CDC)			
Investment - at cost		47,163	47,163
Fair value adjustment		131,458	114,778
		<u>178,621</u>	<u>161,941</u>
9.2.2 VIS Credit Rating Company Limited (VIS)			
Investment - at cost		4,756	4,756
Fair value adjustment		5,144	5,417
		<u>9,900</u>	<u>10,173</u>

9.2.3 The balances of long term investments VIS have been presented based on management accounts for half year ended December 31, 2023.

	Note	(Un-audited) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
10 RECEIVABLES			
Considered good			
Rent receivable		505	115
Receivable from building occupants	10.1	42,396	47,864
Receivable from REIT scheme		17,879	15,572
Due from sub lessee		500	500
Others		2,509	3,990
		<u>63,789</u>	<u>68,041</u>
Considered doubtful based on expected credit loss		2,516	1,255
		<u>66,305</u>	<u>69,296</u>
Allowance for expected credit losses		(2,516)	(1,255)
		<u>63,789</u>	<u>68,041</u>

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

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		(Un-audited) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
10.2	Expected credit loss		
	Balance at beginning of period	1,255	1,255
	Net remeasurement of loss allowance	1,261	-
	Balance at end of period	2,516	1,255
11	ADVANCES AND PREPAYMENTS		
	Considered good		
	Advances to staff	1,487	2,720
	Advances to contractors	5,514	3,888
	Deposits and prepayments	3,000	531
	Considered doubtful based on expected credit loss (ECL)	225	225
		10,226	7,363
	Allowance for expected credit loss (ECL)	(225)	(225)
		10,001	7,139
12	SHORT TERM INVESTMENT		
	Treasury Bills	577,679	757,579
	Investment in TDR	37,608	37,608
	Investment in mutual funds	-	46,560
		615,287	841,747
12.1	This represents investment in treasury bills (T-Bills) having maturity between February 07, 2024 to March 31, 2024 and carries yield rate of 21.28% to 21.32% per annum (June 30, 2023: 20.9% to 21.9%).		
12.2	This represents investment in term deposit certificates (TDRs) having maturity at March 01, 2024 and carries yield rate of 20% per annum.		
		(Un-audited) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
13	CASH AND BANK BALANCES		
	Cash at banks		
	Saving accounts		
	- Local currency	78,446	82,980
		78,446	82,980
	Cash in hand	70	28
		78,516	83,008

2024

13.1 Balances in saving accounts carry effective interest rate of 20.5% (June 30, 2023: 19.5%) per annum.

14 SHARE CAPITAL

14.1 Authorized share capital

Authorized share capital represents 700,000,000 (June 30, 2023: 700,000,000) ordinary shares of Rs. 10 each amounting to Rs. 7,000,000,000 (June 30, 2023: Rs. 7,000,000,000).

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
		Rupees '000	Rupees '000
14.2 Issued, subscribed and paid up capital:			
	Number of ordinary shares of Rs.10/-each		
	December 31, 2023	June 30, 2023	
	<u>367,186,963</u>	<u>367,186,963</u>	
		Ordinary shares issued for consideration other than cash.	
		<u>3,671,870</u>	<u>3,671,870</u>

15 OTHER RESERVES

Capital reserve			
- Fixed asset replacement reserve	15.1	69,413	150,627
Revenue reserves		3,277,480	3,281,398
		<u>3,346,893</u>	<u>3,432,025</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 occupants. The Company also set aside/contribute equivalent amount to this reserve from its accumulated profits.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
		Rupees '000	Rupees '000
16 ACCRUED AND OTHER PAYABLES			
Payable on account of security brokers in default		31,383	23,472
Payable to sub lessees		11,375	11,375
Accrued liabilities		14,294	15,844
Audit fee payable		150	400
Corporate social responsibility	16.1	6,490	6,854
Other payables		2,836	4,507
		<u>66,528</u>	<u>62,452</u>

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16.1 During the year, a contribution of Rs. 500,000 has been made to the CSR fund, Out of fund an amount of Rs. 868,160 has been utilized as annual scholarship payments.

	(Un-audited) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
17 ADVANCES AND DEPOSITS		
Advance rent	70,807	136,419
Deposit from security brokers against exposure and clearing house	970	970
Retention money and security deposits	15,151	11,573
	86,928	148,962
18 TAX PAYABLE TO GOVERNMENT		
Income tax- opening	10,403	-
Transferred from tax refund from government	-	(1,593)
Provision for taxation for the period /year	76,302	109,021
	86,705	107,428
Advance - Income tax paid during the period/year	(46,656)	(97,025)
Income tax- closing	40,049	10,403

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, 2023.

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, 2023.

c) Tax contingencies:

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2023.

19.2 Commitments

Company's commitments for capital expenditure are Rs. 167.221 million (2023: 240.173).

72000,

Note	Six months ended December 31,		Three months ended December 31,	
	2023	2022	2023	2022
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
20 OPERATING INCOME				
Rental income from investment property	181,302	170,499	90,779	85,132
Other rentals	4,577	4,065	2,304	2,024
	<u>185,879</u>	<u>174,564</u>	<u>93,083</u>	<u>87,156</u>
21 OTHER ADMINISTRATIVE EXPENSES				
Salaries and benefits	11,977	8,069	7,027	4,069
Directors' meeting fee	875	700	450	450
Travelling and lodging	692	490	399	253
Postage, telephone and fax	303	256	174	151
Printing and stationery	1,129	949	977	782
News papers, books and periodicals	39	32	21	16
Publicity and advertisements	36	-	5	-
Rent, rates and taxes	2,026	3,393	1,043	2,410
Legal and professional charges	1,793	2,625	1,211	1,377
Auditors' remuneration	209	204	209	204
Contract services	236	168	118	111
Repairs and maintenance	243	174	142	135
Meetings and entertainment	932	736	601	393
MIS / technology charges	623	357	346	194
Electricity, gas and water	2,578	2,090	1,115	828
Insurance	1,234	1,233	598	587
Provision for doubtful debt- ECL	1,261	-	1,261	-
Real estate agent fee	-	431	-	328
Corporate social responsibility	500	500	250	250
Miscellaneous	143	209	62	146
	<u>26,829</u>	<u>22,616</u>	<u>16,009</u>	<u>12,684</u>
22 OTHER OPERATING INCOME				
Income from financial assets:				
Profit on bank deposits & investment	94,124	53,778	43,097	23,694
Exchange (loss)/gain	(3)	44	(3)	(9)
Dividend from associates	5,498	5,450	5,498	5,450
Dividend from mutual funds	871	3,694	-	3,694
Income from non-financial assets:				
Room transfer fee	412	-	412	-
Income from branding	495	543	248	272
Asset service charges from tenants/occupants	12,819	12,804	6,410	6,395
Others	22.1 9,606	9,139	4,759	4,503
	<u>123,822</u>	<u>85,452</u>	<u>60,421</u>	<u>43,999</u>

22.1 This includes car parking fee amounting to Rs. 5.140 million and split unit charges amounting Rs. 1.762 million.

Six months ended December 31,		Three months ended December 31,	
2023	2022	2023	2022

23 EARNINGS PER SHARE -BASIC AND DILUTED

Profit after tax (Rupees)	235,943,000	199,793,000	113,689,000	102,595,000
Weighted average number of ordinary shares (Number)	367,186,963	367,186,963	367,186,963	367,186,963
Basic and diluted earnings per share (Rupee)	0.64	0.54	0.31	0.28

(Un-audited)
December 31,
2023
Rupees'000

(Un-audited)
December 31,
2022
Rupees'000

24 ADJUSTMENT FOR NON-CASH CHARGES AND OTHER ITEMS:

Depreciation/amortization	22,909	22,072
Profit on bank deposits & investments	(94,124)	(53,778)
Exchange loss/(gain)	3	(44)
Dividend income	(6,369)	(9,144)
Share of profits from associated companies	(51,412)	(35,209)
Provision for gratuity	2,841	1,988
Provision for compensated absences	599	437
Financial charges	51	28
	<u>(125,502)</u>	<u>(73,650)</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:

(Un-audited)
December 31,
2023
Rupees '000

(Un-audited)
December 31,
2022
Rupees '000

Transactions with associates

Associate companies (related parties by virtue of common directorship)

National Clearing Company of Pakistan Limited

Utility charges	1,950	1,530
Amount received against utility charges	1,989	1,547

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	313	248
Amount received against utility charges	308	244

Transactions with directors

Utility charges	2,427	1,748
Amount received against utility charges	2,372	1,577



25.1 Remuneration of chief executive officer, executives and directors

	December 31,		December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
	Directors		Chief Executive Officer		Executives		Total	
	(Rupees in '000)							
Managerial remuneration	-	-	3,368	2,807	2,147	1,819	5,515	4,626
Meeting fees	875	700	-	-	-	-	875	700
	875	700	3,368	2,807	2,147	1,819	6,390	5,326
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, 2023, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2023 and June 30, 2023 the Company held financial instruments carried at fair value which comprise of long term investment - FVTOCI and short term investment in mutual funds - FVTPL. 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, 2023			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Assets				
Financial assets at fair value through Other comprehensive income	-	-	188,521	188,521
	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets at fair value through Other comprehensive income	-	-	172,114	172,114

26.2 The investment property was valued on June 30, 2023 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at December 31, 2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Assets			
Investment property carried at fair value	-	-	5,096,305
			5,096,305
As at June 30, 2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Investment property carried at fair value	-	-	5,096,305
			5,096,305

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) December 31, 2023 Rupees '000	(Audited) June 30, 2023 Rupees '000
Opening balance (level 3 recurring fair values)		5,096,305	4,155,638
Fair value gain raised during the period/year		-	940,667
Closing balance (level 3 recurring fair values)		5,096,305	5,096,305

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, 2023 by an 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 NUMBER OF EMPLOYEES

Average number of employees at period ended December 30, 2023 were 23 (2023: 23).

28 CORRESPONDING FIGURES

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

29 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 05 MAR 2024.

30 GENERAL

Figures have been rounded off to the nearest thousand rupee.


CHAIRMAN


CHIEF EXECUTIVE OFFICER