

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 for the period ended March 31, 2023.

The Company registered a net profit after tax of Rs. 292.05 million with EPS of Re. 0.80 per share as compared to comparative period profit of Rs. 260.42 million (EPS: 0.71). The operating revenue amounted to Rs. 264.32 million against comparative figure of Rs. 231.32 million, recording an increase of 14.3%. Other operating income amounting to Rs. 131.62 million also registered an increase of 60% over the comparative figure of Rs. 82.44 million. The increase is mainly on account of increase in profit on bank deposits & investments and dividend income from mutual fund investments. Administrative expenses for the period have increased by 11.1% over the comparative period. The cumulative increase is mainly on account of (i) annual increase in staff salaries and benefits (ii) Increase in legal & professional charges and (iii) increase in electricity, gas & water expenses etc.

The Balance sheet footing of March 31, 2023 remained strong i.e., at Rs. 6,659 million.

The Real Estate Investment Trust (REIT) sector has been showing continuous growth and is going to set new standards in the property market within Pakistan. Pakistan has advanced its journey towards transforming the multibillion rupees' real-estate sector into a formal sector of the domestic economy, as the SECP has allowed REIT companies to raise financing for agriculture projects, telecommunication, energy, healthcare projects etc. The Company is also at its last stage to launch its first REIT i.e., ISE Towers REIT Scheme, being a pilot project. Besides, the Company has also been evaluating potential REIT projects with both short term and long-term strategies and for the purpose the Company also participated in the auction of commercial plots held by CDA in 2023. However unfortunately, the Company cannot succeed in the auction. Side by side, the matter of completion certificate of ISE Towers building is also in process.

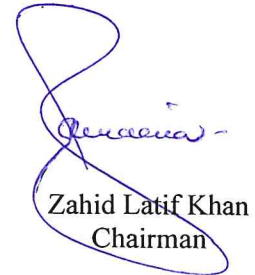
ISE Towers building has been enjoying consistent occupancy level which reflects the satisfaction level of our valuable tenants. The Company has been managing this asset through a team of professionals and top priority is given to the efficient functioning of the building. The Company also arranged to carry out third party inspections regularly including environment, safety, electrical installation and for ISO certification etc. in order to provide safe and healthy environment to the occupants of the building.

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

Islamabad, April 27, 2023


Zahid Latif Khan
Chairman

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED

**Condensed Interim Financial Statements
For Nine Months Ended March 31, 2023**

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION- UNAUDITED
AS AT MARCH 31, 2023

	Note	(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	1,164,680	1,160,044
Intangible assets		2,017	2,262
Investment property	8	4,155,638	4,155,638
Long term investments	9	470,312	446,523
Long term security deposits and advances		15,862	14,883
Deferred taxation		50,483	49,829
		<u>5,858,992</u>	<u>5,829,179</u>
CURRENT ASSETS			
Receivables	10	56,353	40,060
Advances, deposits and prepayments	11	7,979	7,523
Tax refund due from government - net	12	-	1,593
Short term investment	13	668,899	636,321
Cash and bank balances	14	66,778	154,359
		<u>800,009</u>	<u>839,856</u>
TOTAL ASSETS		<u><u>6,659,001</u></u>	<u><u>6,669,035</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	15	3,671,870	3,671,870
Surplus on revaluation of property and equipment		410,152	416,066
Other reserves	16	2,388,358	2,323,664
		<u>6,470,380</u>	<u>6,411,600</u>
NON-CURRENT LIABILITIES			
Long term deposits		23,037	21,908
Deferred liabilities		23,076	19,439
		<u>46,113</u>	<u>41,347</u>
CURRENT LIABILITIES			
Accrued and other payables	17	58,110	53,387
Advances and deposits	18	44,390	142,591
Tax payable to government	19	18,778	-
Unclaimed dividend		21,230	20,110
		<u>142,508</u>	<u>216,088</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,659,001</u></u>	<u><u>6,669,035</u></u>
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 31 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 NINE MONTHS ENDED MARCH 31, 2023

	Note	Nine months ended March 31,		Three months ended March 31,	
		2023	2022	2023	2022
(Rupees in '000)					
Income					
Operating income	21	264,317	231,320	89,753	78,093
Administrative expenses					
Depreciation / amortization		(33,188)	(30,274)	(11,116)	(10,122)
Other administrative expenses	22	(33,051)	(29,748)	(10,435)	(10,252)
		(66,239)	(60,022)	(21,551)	(20,374)
Other operating income	23	131,620	82,438	46,168	31,015
Fair value gain on investments classified at FVTPL		4,172	-	4,172	-
Financial charges		(34)	(47)	(6)	(8)
Operating profit		333,836	253,689	118,536	88,726
Share of profits from associated companies		41,114	67,718	5,905	37,146
Profit before taxation		374,950	321,407	124,441	125,872
Taxation		(82,905)	(60,986)	(29,384)	(20,966)
Profit after taxation		292,045	260,421	95,057	104,906
Earning per share - basic and diluted	24	0.80	0.71	0.26	0.29

The annexed notes from 1 to 31 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 NINE MONTHS ENDED MARCH 31, 2023

Nine months ended March 31,		Three months ended March 31,	
2023	2022	2023	2022
(Rupees in '000)			

Profit after taxation	292,045	260,421	95,057	104,906
-----------------------	---------	---------	--------	---------

Other comprehensive income

**Items that may be reclassified subsequently to
statement of profit or loss:**

Surplus on remeasurement of FVOCI investments	5,407	5,524	(1,336)	6,395
---	-------	-------	---------	-------

Total comprehensive income for the period	<u>297,452</u>	<u>265,945</u>	<u>93,721</u>	<u>111,301</u>
--	----------------	----------------	---------------	----------------

The annexed notes from 1 to 31 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 NINE MONTHS ENDED MARCH 31, 2023

		Nine months ended	
		March 31, 2023	March 31, 2022
Note		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	25	163,781	191,903
Gratuity paid		(331)	(341)
Compensated absences paid		(73)	(85)
Income tax paid		(63,188)	(46,373)
Net cash generated from operating activities		<u>100,189</u>	<u>145,104</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(38,560)	(8,111)
Interest received		73,485	34,779
Investment encashed /(made) during the period - net		(36,127)	3,532
Dividend received		49,889	62,303
Net cash generated from investing activities		<u>48,687</u>	<u>92,503</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Long term deposits		1,129	(1,421)
Dividend paid		(237,552)	(217,578)
Financial charges paid		(34)	(47)
Net cash used in financing activities		<u>(236,457)</u>	<u>(219,046)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(87,581)</u>	<u>18,561</u>
Cash and cash equivalents at beginning of the period		<u>154,359</u>	<u>64,320</u>
Cash and cash equivalents at end of the period		<u><u>66,778</u></u>	<u><u>82,881</u></u>

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


 CHAIRMAN

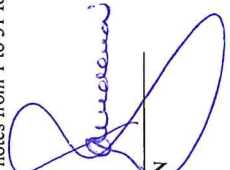

 CHIEF EXECUTIVE OFFICER

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 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(15.1)	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, 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	-	-	-	-	-	-	260,421	260,421	260,421
Amount collected for asset replacement reserve	-	-	41,004	41,004	-	-	(41,004)	(41,004)	-
Amount utilized from fixed assets replacement reserve	-	-	(3,538)	(3,538)	-	-	3,538	3,538	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(4,927)	-	(4,927)	-	-	4,927	4,927	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	5,524	-	-	5,524	5,524
Transaction with owners									
Final cash dividend for the year ended June 30, 2021 at Rs. 0.60 per share	-	-	-	-	-	-	(220,312)	(220,312)	(220,312)
Balance as at March 31, 2022 (Unaudited)	3,671,870	364,367	104,463	468,830	97,913	426	1,965,746	2,064,085	6,204,785
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	-	-	-	-	-	-	292,045	292,045	292,045
Amount collected for asset replacement reserve	-	-	40,932	40,932	-	-	(40,932)	(40,932)	-
Amount utilized from fixed assets replacement reserve	-	-	(10,180)	(10,180)	-	-	10,180	10,180	-
Transferred from surplus on revaluation of operating fixed assets on account of incremental depreciation - net of deferred tax	-	(5,914)	-	(5,914)	-	-	5,914	5,914	-
Surplus on remeasurement of FVTOCI investment	-	-	-	-	5,407	-	-	5,407	5,407
Transaction with owners									
Final cash dividend for the year ended June 30, 2022 at Rs. 0.65 per share	-	-	-	-	-	-	(238,672)	(238,672)	(238,672)
Balance as at March 31, 2023 (Unaudited)	3,671,870	410,152	142,528	552,680	117,731	426	2,127,673	2,245,830	6,470,380

(Rupees in '000)

The annexed notes from 1 to 31 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 NINE MONTHS ENDED MARCH 31, 2023

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 then 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 under Real Estate Investment Trust Regulations, 2022.
- 1.5 The principal activities of the the Company is to launch and manage Real Estate Investment Trust 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.

- 1.7 These are the condensed interim financial statements.

2 BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements of the Company for the nine months ended March 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 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 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, 2022.

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, 2022. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim financial statements for the nine months ended March 31, 2022.

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, 2022. 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, 2022. The carrying amounts of financial assets and financial liabilities are estimated to approximate their fair value as of March 31, 2023.

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 nine months ended March 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 audited financial statements for the year ended June 30, 2022.

7 PROPERTY AND EQUIPMENT

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	(Rupees in '000)	
Operating assets	7.1	1,140,368	1,158,804
Capital work in progress	7.2	24,312	1,240
		<u>1,164,680</u>	<u>1,160,044</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	Office equipment	Vehicles	Computers & accessories	Total
-------------	----------------	----------------------------	----------------------	----------------	------------------------	-----------	--------------------	--------------	------------------	-----------------------	------------------	----------	-------------------------	-------

(Rupees in '000)

Net carrying value basis

Period ended March 31, 2023(Un-audited)

Opening net book value (NBV)	663,601	369,948	8,422	3,748	-	95,553	6,793	59	1,441	2,507	1,645	4,885	202	1,158,804
Additions (at cost)	-	-	2,479	274	-	-	3,905	-	143	855	546	-	-	8,202
Transfer from CWIP	-	-	732	1,098	-	-	2,784	-	137	861	280	-	414	6,306
Depreciation charge	(6,464)	(10,087)	(1,009)	(734)	-	(9,781)	(1,795)	(32)	(904)	(526)	(1,092)	(1,092)	(261)	(32,944)
Net book value	657,137	359,861	9,892	3,288	-	85,772	11,687	27	817	2,836	1,932	3,793	(59)	1,140,368

Gross carrying value basis

Period ended March 31, 2023(Un-audited)

Cost/revalued amount	663,601	369,948	78,190	158,057	5,521	130,464	23,188	12,027	7,605	9,002	4,343	7,281	4,066	1,473,293
Accumulated depreciation	(6,464)	(10,087)	(67,566)	(153,671)	(5,521)	(44,692)	(11,501)	(12,000)	(6,788)	(5,305)	(2,131)	(3,488)	(3,711)	(332,925)
Net book value	657,137	359,861	10,624	4,386	-	85,772	11,687	27	817	3,697	2,212	3,793	355	1,140,368

Net carrying value basis

Year ended June 30, 2022(Audited)

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)	-	-	2,227	-	-	-	1,146	-	353	-	310	3,402	119	7,557
Transfers from CWIP	-	-	2,754	-	-	-	1,879	-	479	-	-	-	-	5,112
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(8)	-	-	-	-	(91)	-	(193)	(86)	-	(151)	(529)
Accumulated depreciation	-	-	8	-	-	-	-	91	-	127	83	-	151	460
Revaluation adjustment for the year	16,696	53,957	-	-	-	-	-	-	-	(66)	(3)	-	-	(69)
Depreciation charge	(8,401)	(11,483)	(1,011)	(993)	-	(13,042)	(1,975)	(56)	(1,202)	(596)	(272)	(833)	(302)	(40,166)
Net book value	663,601	369,947	8,422	3,748	-	95,553	6,793	59	1,441	2,507	1,645	4,885	202	1,158,804

Gross carrying value basis

Year ended June 30, 2022(Audited)

Cost/revalued amount	655,306	327,473	74,979	156,685	5,521	130,464	16,499	12,027	7,325	7,286	3,517	7,281	3,652	1,408,015
Revaluation adjustment for the year	16,696	53,958	-	-	-	-	-	-	-	-	-	-	-	70,654
Accumulated depreciation	(8,401)	(11,483)	(66,557)	(152,937)	(5,521)	(34,911)	(9,706)	(11,968)	(5,884)	(4,779)	(1,872)	(2,396)	(3,450)	(319,865)
Net book value	663,601	369,948	8,422	3,748	-	95,553	6,793	59	1,441	2,507	1,645	4,885	202	1,158,804
Depreciation rate per annum	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	33%

6.1.1 Lease hold land of the Company is located at Plot no. 55-B (old # 3035), Jimmah Avenue, Blue area, Islamabad, Pakistan with an area of 1917 sq. yds.

7.2 Capital work in progress-CWIP

Description	Balance as on July 01, 2022 (Audted)	Additions	Transfer to operating assets	Balance as on Mar 31, 2023 (Unaudited)
	------(Rupees in '000')-----			
Office renovation	736	125	861	-
Electrical equipments	-	732	732	-
HVAC equipment	-	1,098	1,098	-
Security equipment	-	2,784	2,784	-
Smoke venting system	504	23,808	-	24,312
Office equipment	-	280	280	-
Computers & accessories	-	414	414	-
Security systems	-	137	137	-
Grand Total	1,240	29,378	6,306	24,312

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 out by approved independent valuer Asif Associates (Private) Limited on June 30, 2022. 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)	(Audited)
		March 31, 2023	June 30, 2022
(Rupees in '000)			
9 LONG TERM INVESTMENTS			
Long term investments-under equity method	9.1	300,662	282,280
Long term investments-FVTOCI	9.2	169,650	164,243
		<u>470,312</u>	<u>446,523</u>
9.1 Long term investments-under equity method			
National Clearing Company of Pakistan Limited (NCCPL)		248,159	248,492
Pakistan Mercantile Exchange Limited (PMEX)		38,190	22,195
Digital Custodian Company Limited (DCCL)		14,313	11,593
	9.1.1	<u>300,662</u>	<u>282,280</u>

9.1.1 The balances of long term investments-under equity method of PMEX , DCCL have been presented based on management accounts for the six month ended December 31, 2022 respectively

	Note	(Un-audited)	(Audited)
		March 31, 2023	June 30, 2022
(Rupees in '000)			
9.2 Long term investments- FVTOCI			
Central Depository Company of Pakistan Limited	9.2.1	160,060	154,854
VIS Credit Rating Company Limited	9.2.2	9,590	9,389
		<u>169,650</u>	<u>164,243</u>
		(Un-audited)	(Audited)
		March 31,	June 30,

	Note	2023	2022
		(Rupees in '000)	
9.2.1	Central Depository Company of Pakistan Limited (CDC)		
	Investment - at cost	47,163	47,163
	Fair value adjustment	112,897	107,691
		<u>160,060</u>	<u>154,854</u>
9.2.2	VIS Credit Rating Company Limited (VIS)		
	Investment - at cost	4,756	4,756
	Fair value adjustment	4,834	4,633
		<u>9,590</u>	<u>9,389</u>

10 RECEIVABLES

Considered good

Rent Receivable		580	110
Receivable from building occupants	10.1	37,838	27,840
Receivable from REIT scheme		14,023	8,940
Due from sub lessee	10.2	500	500
Others		3,412	2,670
		<u>56,353</u>	<u>40,060</u>
Considered doubtful based on expected credit loss (ECL)		1,255	1,255
		<u>57,608</u>	<u>41,315</u>
Allowance for expected credit losses		(1,255)	(1,255)
		<u>56,353</u>	<u>40,060</u>

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

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

(Un-audited) (Audited)
March 31, June 30,
2023 2022
(Rupees in '000)

11 ADVANCES, DEPOSITS AND PREPAYMENTS

Considered Good

Advances to staff	1,795	877
Advances to contractors	3,844	3,864
Deposits and prepayments	2,340	2,750
Considered doubtful based on expected credit loss (ECL)	225	225
	<u>8,204</u>	<u>7,716</u>
Allowance for expected credit loss (ECL)	(225)	(225)
	<u>7,979</u>	<u>7,491</u>

(Un-audited) (Audited)
March 31, June 30,
2023 2022
(Rupees in '000)

	<u>367,186,963</u>	<u>367,186,963</u>	for consideration other than cash.	<u>3,671,870</u>	<u>3,671,870</u>
16	OTHER RESERVES				
	Capital reserve				
			16.1	142,528	111,776
				2,245,830	2,211,888
				2,388,358	2,323,664

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) March 31, 2023	(Audited) June 30, 2022
	(Rupees in '000)	
17	ACCRUED AND OTHER PAYABLES	
	23,472	18,006
	11,375	11,375
	14,531	14,175
	6,650	6,452
	2,082	3,379
	58,110	53,387

17.1 During the period, a contribution of Rs. 750,000 has been made to the CSR fund, out of which an amount of Rs. 546,812 has been utilized out of this fund as scholarship to eligible students.

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	(Rupees in '000)	
18	ADVANCES AND DEPOSITS	
	32,716	131,213
	970	970
	10,704	10,408
	44,390	142,591

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	(Rupees in '000)	
19	TAX PAYABLE TO GOVERNMENT	
	-	-
	Income tax - opening	

Transferred from tax refund from government	12	(1,593)	
Provision for taxation for the period /year		83,559	-
		81,966	-
Advance - Income tax paid during the period/year		(63,188)	-
Income tax - closing		18,778	-

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

a) Legal case against the Company:

There has been no significant change in the status of contingent liabilities disclosed as at June 30, 2022.

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, 2022.

c) Tax contingencies

There has been no significant change in the status of tax contingencies disclosed as at June 30, 2022.

20.2 Commitments

Company's commitments for capital expenditure are Rs. 24.19 million (June 30, 2022: Rs. 34.033 million)

	Nine months ended		Three months ended	
	March 31,		March 31,	
	2023	2022	2023	2022
	(Rupees in '000)			
21 OPERATING INCOME				
Rental income from investment property	258,126	224,318	87,627	75,792
Other rentals	6,191	7,002	2,126	2,301
	<u>264,317</u>	<u>231,320</u>	<u>89,753</u>	<u>78,093</u>
22 OTHER ADMINISTRATIVE EXPENSES				
Salaries and benefits	12,634	10,557	4,565	4,015
Directors' remuneration	950	3,350	250	1,450
Travelling and lodging	780	414	290	148
Postage, telephone and fax	350	412	94	120
Printing and stationery	1,052	913	103	68
News papers, books and periodicals	48	50	16	14
Publicity and advertisements	-	16	-	-
Rent, rates and taxes	4,398	3,055	1,005	1,011
Legal and professional charges	3,827	2,754	1,202	1,022
Auditors' remuneration	323	258	119	17
Contract services	259	332	91	59
Repairs and maintenance	217	181	43	9
Meetings and entertainment	972	1,135	236	541
Trainings	273	-	273	-
MIS / technology charges	549	412	192	150
Electricity, gas and water	2,929	2,556	839	770
Insurance	1,986	1,808	753	561
Real estate agent fee	461	470	30	-
Corporate social responsibility	750	750	250	250
Miscellaneous	293	325	84	47
	<u>33,051</u>	<u>29,748</u>	<u>10,435</u>	<u>10,252</u>
23 OTHER OPERATING INCOME				
Income from financial assets:				
Profit on bank deposits & investment	69,757	37,410	15,979	13,809
Exchange gain	179	57	135	16
Dividend from related party	12,639	11,638	7,189	5,675
Dividend from mutual funds	14,516	-	-	-
Income from non financial assets:				
Room transfer fee	911	1,453	911	445
Income from branding	798	1,579	255	1,132
Asset service charges from tenants/occupants	19,098	19,134	6,294	6,271
Others	13,722	11,167	4,583	3,667
	<u>131,620</u>	<u>82,438</u>	<u>35,346</u>	<u>31,015</u>

Note

23.1 This mainly includes car parking fee amounting to Rs. 7.46 million (March 31, 2022 Rs. 7.27) and split unit charges amounting Rs. 2.34 million. (March 31, 2022 Rs. 3.047).

Nine months ended March 31,		Three months ended March 31,	
2023	2022	2023	2022

24 EARNING PER SHARE -BASIC AND DILUTED

Profit after tax (Rs.)	292,045,000	260,421,000	95,057,000	104,906,000
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)	0.80	0.71	0.26	0.29

Nine months ended	
March 31, 2023	March 31, 2022
(Rupees in '000)	

25 CASH GENERATED FROM OPERATIONS

Profit before taxation			374,950	321,407
<i>Adjustment for non-cash charges and other items:</i>				
Depreciation/amortization			33,188	30,274
Profit on bank deposits & investment			(69,757)	(37,410)
Exchange (gain)/ loss			(179)	(57)
Dividend income			(27,155)	(11,638)
Share of profits from associated companies			(41,114)	(67,718)
Provision for gratuity			3,313	2,030
Provision for compensated absences			728	709
Financial charges			34	47
Working capital changes	25.1		(110,227)	(45,741)
			163,781	191,903

25.1 Changes in working capital

Decrease / (increase) in current assets

Receivables			(16,293)	12,738
Advances, deposits and prepayments including long term advance			(456)	(5,418)

Increase / (decrease) in current liabilities

Accrued and other payables			4,723	(5,982)
Advances and deposits			(98,201)	(47,079)
			(110,227)	(45,741)

26 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
March 31, March 31,
2023 2022
(Rupees in '000)

Transactions with associates

Associate companies (related parties by virtue of common directorship)

National Clearing Company of Pakistan Limited

Utility charges	2,214	2,178
Amount received against utility charges	2,444	2,160
Dividend received	22,734	17,561

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	363	257
Amount received against utility charges	362	250

Digital Custodian Company Limited

Utility/ rent charges	-	33
Amount received against utility/ rent charges	-	-

Transactions with directors

Utility charges	3,299	2,076
Amount received against utility charges	3,198	2,003

26.1 Remuneration of chief executive officer, executives and directors

	March 31,		March 31,		March 31,		March 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
	Directors		Chief Executive Officer		Executives		Total	
	(Rupees in '000)							
Managerial remuneration	-	-	4,211	3,726	2,729	2,415	6,940	6,141
Gratuity paid	-	-	-	-	-	-	-	-
Meeting fees	950	3,350	-	-	-	-	950	3,350
	950	3,350	4,211	3,726	2,729	2,415	7,890	9,491
Number of persons	10	10	1	1	1	1	12	12

27 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 nine month period ended March 31, 2023, there were no transfers into or out of Level 3 fair value measurements.

As at March 31, 2023 and June 30, 2022 the Company held financial instruments carried at fair value which comprising long term investment - FVTOCI. Moreover, Investment property is measured at fair value.

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

As at March 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets	(Rupees in '000)			
Financial assets at fair value through Profit and loss	-	-	351,511	351,511
Financial assets at fair value through Other comprehensive income	-	-	169,650	169,650

As at June 30, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through Profit and loss	-	-	-	-
Financial assets at fair value through Other comprehensive income	-	-	164,243	164,243

27.2 The investment property was valued on June 30, 2022 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at March 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets	(Rupees in '000)			
Investment in property carried at fair value	-	-	4,155,638	4,155,638

As at June 30, 2022				
	Level 1	Level 2	Level 3	Total
Investment in property carried at fair value	-	-	4,155,638	4,155,638

27.3 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:

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	(Rupees in '000)	
Opening balance (level 3 recurring fair values)	4,155,638	4,046,972
Fair value gain raised during the period/year	-	108,666
Closing balance (level 3 recurring fair values)	<u>4,155,638</u>	<u>4,155,638</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 and buildings on June 30, 2022 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.

28 NUMBER OF EMPLOYEES

Average number of employees at period ended was 23.(June 30, 2022:24)

29 CORRESPONDING FIGURES


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


30 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 27 April 2023.

31 GENERAL

Figures have been rounded off to the nearest thousand rupee.


CHAIRMAN


CHIEF EXECUTIVE OFFICER