



**ISE
REIT**

**ISE TOWERS REIT
MANAGEMENT COMPANY LIMITED**

ANNUAL REPORT 2024



ROWTH



ANNUAL REPORT 2024



ISE TOWERS REIT
MANAGEMENT COMPANY LIMITED

(Formerly Islamabad Stock Exchange Limited)



www.isereit.com.pk

VISION

To be the leading and most reliable, innovative and forward looking real estate investment trust in Pakistan delivering value to its shareholders ensuring sustainable returns, and commitment to all stakeholders by providing state of the art property solutions.

MISSION

- To achieve excellence in quality and service being provided to users of ISE REIT properties.
- To continuously improve and embrace latest technology and systems for providing a modern work space.
- To provide best value in returns with long term sustainability to our shareholders and investors.
- To provide excellent growth opportunities to our employees, suppliers and vendors and work towards common objective of mutual development.

OUR CORE VALUES

Our core values include:



Good Governance



Improved Environment



Open Communication



Equal Opportunity



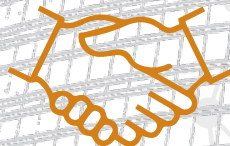
Teamwork



Transparency



Integrity



Commitment



Fairness



Ethics

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**COMPANY
INFORMATION**

GLOBAL STOCK EXCHANGE LISTING
**ISE
REIT**



BOARD OF DIRECTORS



Zahid Latif Khan

*Chairman &
Non Executive Director*

Zahid Latif Khan serves as the founding chairman of Zahid Latif Khan Securities (Private) Limited, widely known as ZLK Securities, a brokerage firm renowned for its reliability in Pakistan. ZLK Securities boasts the most extensive network in the Northern region and has been dedicated to serving its esteemed clients both nationally and internationally for more than three decades.

Educated in the field of science, Mr. Khan is an alumnus of the National Defense University (NDU) in Islamabad, where he participated in the National Security Workshop-3. He holds the title of Certified Director from the Institute of Cost and Management Accountants of Pakistan (ICMA) and possesses specialized certifications in capital markets from the United Nations Institute of Training & Research (UNITAR) and the Pakistan Institute of Management. Mr. Khan initiated his investment career in 1990 and subsequently established his own stock brokerage firm in 1994. Beyond his impressive business achievements, Mr. Khan has held prominent positions within capital markets and financial institutions. He currently serves as the Chairman of ISE Tower REIT Management Company Ltd. Additionally, he holds the position of Vice Chairman of the Pakistan Stock Brokers Association and serves as a director on the boards of Pakistan Mercantile Exchange Limited

and National Clearing Company of Pakistan Limited. He also served as Chairman of LSE Financial Services Limited.

Remarkably, Mr. Khan played a pivotal role in the consolidation of the Karachi, Lahore, and Islamabad stock exchanges into a unified platform known as the Pakistan Stock Exchange. This integration has significantly benefited investors by providing a single, high effective, and more expansive capital market.

Mr. Khan's extensive knowledge of capital markets and his forward-thinking approach have earned him the prestigious role of Honorary Coordinator (Business Liaison) to the Federal Tax Ombudsman (FTO) Secretariat. He also serves as the Chairman of the Asian Institute of Eco-civilization Research and Development (AIERD), with a vision to foster discourse on emerging Asia, China, eco-civilization, and shifting global dynamics. His efforts aim to create high-quality knowledge, constructive engagement, and proactive advocacy for improved and refined policy frameworks.

Mr. Khan actively contributes to raising awareness about the stock market and financial literacy among the general public. His vision includes increasing overall participation in Pakistan's

Equities Market, particularly among younger audiences. To achieve this, he seeks to promote financial inclusion, enhance access to useful and affordable financial products and has signed Memorandums of Understanding (MoUS) with various universities to facilitate the exchange of learning resources and bridge the gap between academia and the financial industry.

He has led several delegations abroad to expand bilateral trade ties and maintains close and friendly relationships with the diplomatic community in Pakistan.

Recently, Mr. Khan has been appointed as a Director of the Hajira Hamza Foundation, a role he deeply values for its impact on the thalassemia patients and his commitments to this noble cause.

Formerly, Mr. Khan served as the President of the Rawalpindi Chamber of Commerce and industry, where he played a significant role in promoting economic and trade relations with the international community. He is a key influencer in Asian and Central Asian Republics and regional economic corridors, leveraging Pakistan's strategic position.



- Mr. Zahid Latif Khan** *Chairman - Non-Executive Director (NED)*
- Mr. Aamer Riaz** *Independent Director (ID) (Not in picture)*
- Mr. Adil Khan Swati** *Non-Executive Director (NED)*
- Mr. Farrukh Younas Khan** *Non-Executive Director (NED)*
- Ms. Farzin Khan** *Independent Director (ID)*
- Malik Qamar Afzal** *Independent Director (ID)*
- Sardar Aman Khan** *Non-Executive Director (NED)*
- Mr. Sohail Altaf** *Non-Executive Director (NED)*
- Mr. Sagheer Mushtaq** *Chief Executive Officer (CEO)*
- Mr. Zeeshan Shafique** *Company Secretary / CFO*

Bankers

Allied Bank Limited
 Askari Bank Limited
 Bank Alfalah Limited
 MCB Bank Limited
 JS Bank Limited
 Summit Bank Limited
 United Bank Limited
 National Bank of Pakistan
 Samba Bank Limited
 Meezan Bank Limited

Auditors

BDO Ebrahim & Co.
 Chartered Accountants

Legal Advisors

M/s. Hassan & Hassan (Advocates)
M/s. Hassan Kaunain Nafees (Legal Practitioners and Advisers)

Share Registrar:

CDC Share Registrar Services Limited
 CDC House, 99-B, Block B, S.M.C.H.S. Main Shahr-e-Faisal, Karachi.

Registered Office

55-B, ISE Towers, Jinnah Avenue, Islamabad-44000, Pakistan

BOARD OF DIRECTORS



Sagheer Mushtaq

Chief Executive Officer

Sagheer Mushtaq serves as the Chief Executive Officer of the Company, having initially joined in January 2017 as Chief Operating Officer. Under his leadership, he has played a pivotal role in several key initiatives, including registration of the REIT scheme and developing and implementing business strategy for company's consistent growth. His expertise and vision have been instrumental in driving the Company's growth and success.

Sagheer Mushtaq brings over 18 years of diverse expertise in finance, operations, and regulatory compliance to his role. His career began in 2007 at Islamabad Stock Exchange (ISE), where he progressed through various leadership

positions, including Risk Manager, Chief Financial Officer, Chief Regulatory Officer etc. During his tenure at ISE, he spearheaded key initiatives like demutualization of the exchange, establishing the regulatory affairs department, developing, internal control policies and systems, enhancing compliance functions etc. Prior to joining the Company, Sagheer served as Regional Head of Islamabad and Lahore at Pakistan Stock Exchange.

A commerce graduate from Bahauddin Zakariya University Multan, Sagheer is also a faculty member of the Institute of Cost & Management Accountants of Pakistan.

BOARD OF DIRECTORS



Lt. Gen. Aamer Riaz (Retd)

Independent Director

Lt. Gen. Aamer Riaz (Retd) commissioned in Pakistan Army in 1984. He commanded two corps, one on western border and one on the eastern border. He held various higher staff assignments namely chief of staff of a corps and Director General Military Operations Directorate at GHQ. He held instructional assignments at various military institutions and also remained president of National Defense University Islamabad. He holds Masters degrees in Art and science of warfare and War studies. He participated in UN peace keeping operations in Africa. During his service, remained engaged in military diplomacy to bring peace and stability in the region.

Mr. Aamer Riaz has speaking engagements at several civil and military institutions. He has been the president of DHA Quetta and DHA Lahore where during his time the first REIT based project (Dolmen City Mall), which is now reaching fruition, was conceived. Mr. Aamer Riaz is also president of Euro Oil, a Lahore based OMC.

BOARD OF DIRECTORS



Adil Khan Swati

Non Executive Director

Adil Khan Swati is an elected Non-Executive Director of the Board of ISE Towers REIT Management Company Limited. As Board member, Mr. Adil is playing a significant role for determining and implementing policies and making decisions for the development of the Company. He is the member of Audit Committee and Nomination Committee. He was also a member of Building Maintenance Committee of the Company. As a member of this Committee, he is making effective contributions for improvement of services standards of ISE Towers.

Adil Khan Swati has a diversified experience in Capital market, Commodity market, Manufacturing industry, Real Estate and Events Management Business. He has been managing Pine Group of Companies since 2009. He is holding portfolio of Pine Commodities (Private) Limited as Chief Executive Officer/Director since December 2009. He has been the Chief Executive of Pine Securities (Private) Limited. Mr. Adil has successfully managed stock brokerage business since January 2010. Beside that he is also a Director of Pine Match (Private) Limited, a leading manufacturer of safety matches in Pakistan. He has made valuable contributions for strengthening the internal controls of the company. Last year, he initiated pharmacy business under the name and style of

Pine Pharmacy with a vision to provide high quality medicines and surgical stuff at affordable prices. During the current year, he has also initiated a business of providing sustainable and cost-effective energy solutions under the name of Pine Energy.

Adil Khan Swati has been awarded Pakistan's Market Regulation & Commodity Broker's Certification from Institute of Capital Market (ICM). He has gained Masters degree in Business Administration from United Kingdom and has also studied various levels of Association of Chartered Certified Accountants (ACCA). He has served as an Audit Associates in BDO International, Chartered Accountants. During his experience as an audit associate, he has gained hands on experience in multi-dimensional industries and financial institutes. Mr. Adil Khan Swati has excellent leadership, motivational, time management, analytical and interpersonal skills which make him a successful businessman.

Apart from business, Adil is a social activist. He likes to indulge in social causes. Green environment and poverty eradication are his special focus of attention. He has initiated multiple programs to help and empower poor masses for earning sustainable livelihood. His philanthropist activities are based on his philosophy to serve humanity.

BOARD OF DIRECTORS



Farrukh Younas Khan

Non Executive Director

Farrukh Younas Khan is an elected Non-Executive Director of the Board of ISE Towers REIT Management Company Limited for a term of 2022-2025. He has already served as NED on the Board of the Company during 2016-2019 and 2019-2022 terms. Besides, being a member of the Board of Directors, he is also a member of the HRR Committee, Audit Committee and Risk Management Committee of ISE Towers REIT Management Company. Further, he has been actively involved as member of Fire & Safety Committee. Previously, he was also the member of Building Management and Revenue Generation Committee of the Company.

He had been running a brokerage house of Pakistan Stock Exchange Limited. He is the Chief Executive of Y. S. Stocks (Pvt) Limited. He was also the Chief Executive and Director of MF Stocks (Pvt) Limited. He is also presently serving on the Board of Directors of Digital Custodian Company Limited, an associate of the Company.

Farrukh Younas Khan has been in the business of stocks/securities for thirty-one years, at Lahore Stock Exchange, Islamabad Stock Exchange and Pakistan Stock Exchange. He has been an elected Director of former Islamabad Stock Exchange thrice. He was also a member of the Demutualization Committee of the Islamabad Stock Exchange. As a member of the said Committee, he devotedly participated in the proceedings of the

Committee for the corporatization, demutualization and finally integration of ISE. He was also the member of the Arbitration Committee of the erstwhile Islamabad Stock Exchange. He has also been the trustee on the Board of ISE Settlement Protection Fund Trust since 2016.

He served as a Member of the Executive Committee of Rawalpindi Chamber of Commerce and Industry (RCCI) for a term 2020-2022. He is also Corporate Member of various Committees of Rawalpindi Chamber of Commerce and Industry (RCCI). He is the Chairman of Capital and Mercantile Market of RCCI for the term 2022-2024. He already served as Chairman of Capital and Mercantile Market of RCCI for the term 2018-2019. He was also the member of Administration and Banking Committees of RCCI.

Farrukh holds vast exposure in the field of administration, arbitration, building management, business management, banking operations and human resource management. He is also a certified Director by the Institute of Cost and Management Accountant of Pakistan (ICMA), a duly licensed body for the purpose by SECP in terms of Code of Corporate Governance. He has participated in various professional training courses and seminars. He is an effective negotiator and possesses excellent relationship building, interpersonal, organizational, analytical and leadership skills.

BOARD OF DIRECTORS



Farzin Khan

Independent Director

Ms. Farzin Khan has over 16 years of professional experience in the areas of Financial Oversight & Regulation, Compliance & Corporate Governance, Stakeholder Communications & Advocacy, Project Management & Strategic Policy Planning, and Anti Money Laundering (AML).

She holds an MBA in Finance as well as a Masters in Financial Management from the University of Bedfordshire Business School, United Kingdom, besides having attended many other career development programs, seminars and conferences. She has the distinction of being an IVLP Scholar under the United States funded Program on Financial Reforms 2011.

Her professional life ranges over years of local and regional experience across legal & regulatory enforcement agencies, regional governmental bodies and donor sectors with hands on experience of policy level strategic interventions, institutional conflict management and working with senior executives, corporate boards, advisory committees etc. She possesses well acknowledged communications & advocacy skills for external relations management especially with government agencies and regulatory bodies. She is a Certified Director registered with PICG holding Director Training Programme (DTP) certification from LUMS (2016). She has extensive exposure to Pakistan's Anti Money Laundering (AML) Regime and Pakistan's FATF Compliance programme having served with USAID and UNODC AML and FATF Support Programmes for Government of Pakistan. She is a proud National Award Holder – Prime Minister's Special Award for Women in the area of Corporate Governance and Women on Board initiative.

In her recent roles with leading donors in the development sector, she handled extensive support portfolios at national level for various regulatory and financial institutions and gained hands on experience of Financial Oversight & Regulation, Compliance & Corporate Governance, Stakeholder Communications & Advocacy, Project Management & AML/CFT Compliance mechanisms. She has served for ten years as the Deputy Secretary General of the South Asian Federation of Exchanges (SAFE)-an industry association of 24 securities market institutions from South Asia as well as from Mauritius and UAE. In earlier assignments, she worked in a number of national level regulatory institutions such as the Competition Commission of Pakistan (CCP) as well as the Securities and Exchange Commission (SECP).

She is currently serving as an independent director on the boards of Postal Life Insurance Company Ltd. (PLIC), ISE Real Estate Management Trust (ISE REIT Management Company Ltd), Citi Pharma Ltd and Ghani Global Holdings Limited.

She is one of the founding members of Pakistan's first Women on Boards (WoB) initiative, to establish a forum under the international WoB drive, to address the acute shortage of women in senior, leadership & strategic positions, in the formal financial and listed corporate sector of Pakistan. She is a regular contributor and speaker at the various WoB events and initiatives.

Alongside her professional accomplishments, she is happily married for eighteen years and has a fifteen-year-old son. In her own words, she greatly values work life balance and never fails to stand for promoting gender equality and an enabling rather encouraging environment for female professionals.

BOARD OF DIRECTORS



Malik Qamar Afzal

Independent Director

Malik Qamar Afzal is a foreign qualified law graduate and have been engaged in legal practice for over 36 years and have appeared before all levels of the judicial hierarchy. He has over twenty thousand cases to his credit associated with corporate, commercial and constitutional matters. He has also skilfully represented major corporate clientele and several multinational companies, while remaining a member of the film censor board for a period of ten years. He has also been the Nominee Director of SECP on the Board of erstwhile Islamabad Stock Exchange. He is also a certified Director by the Institute of Cost and Management Accountant of Pakistan (ICMA), a duly licensed body for the purpose by SECP in terms of Code of Corporate Governance.

In inclusion, he has concurrently been a law professor for a period of more than twenty-five years at the Punjab Law College, and have had the honor to present lectures at several institutes, covering renowned universities, as well as the National Police Academy, and have authored several published articles on law and ethics. He is heading a full-service law firm that is also currently representing all the major real estate developers, while providing consultancy to several major construction projects in Islamabad. His vast experience in the realm of Law and Justice, Litigation and the Corporate sector entitles him to be identified as an expert in the field.

BOARD OF DIRECTORS



Sardar Aman Khan

Non Executive Director

Sardar Aman Khan is an elected Non-Executive Director of the Board of ISE Towers REIT Management Company Limited. With having more than twenty years of experience in real estate especially high rise and multistory buildings, he managed various projects in real estate construction and development. He also managed several projects of coal mining in KPK district. Being a Development Director of M/S Moonlight

Construction (Pvt.) Limited, he is currently developing few projects in Saddar, Blue Area, Islamabad Expressway and in Muree., worth billions of rupees.

He is BBA (Hons) qualified from Bahria Institute of Management & Computer Sciences Islamabad being affiliated with University of Peshawar.

BOARD OF DIRECTORS



Sohail Altaf

Non Executive Director

Sohail Altaf is an elected Non-Executive Director. He has already served as NED on the Board of the Company during 2016-19 and 2019-2022 terms. Mr. Sohail Altaf is the Chief Executive of Central Motors, Rawalpindi.

Sohail is a Life Member of Federation of Pakistan Chamber of Commerce and Industry since 1998. He is Member of various trade and commercial bodies such as PAK AFGHAN Trade Committee, PAK CHINA Business Council, Board of Investment, Standing Committee on Arts & Culture, Rawalpindi Chamber of Commerce & Industry, Federal Tax Ombudsman (FTO) Advisory Committee. He has been the President Pakistan Vocational Training Institute and Rawalpindi Chamber of Commerce and Industry. He also held the position of Vice President & Zonal Chairman, Federation of Pakistan Chambers of Commerce & Industry, Islamabad Office and also led its various bodies and standing committees. Earlier he was a Pilot Officer in Pakistan Air Force. He is a famous figure in business circles of Pakistan. He has been the

part of various official delegations of Pakistan lead by heads of Government and Federal Ministries and visited Iran, Afghanistan, Thailand and Bangladesh. He also represented Pakistan Trade Delegations to Australia, Singapore, Thailand, Indonesia, Malaysia, Kazakhstan, Kyrgyzstan, Japan, Saudi Arabia, Turkey, Greece, UAE, Italy, Argentina, Brazil, USA, UK, Jordan, Cyprus, Sri Lanka, Yemen, China, Egypt and Vietnam.

He has also participated in First National Security Workshop held under the auspices of National Defense College spanning over six weeks. He also won Life Time achievement award of the year 2015 by Rawalpindi Chamber of Commerce and Industry. The President of Pakistan awarded Gold Medal to him in recognition of Meritorious Services for Business Community at FPCCI Award Ceremony on 27th August 2002. The Prime Minister of Pakistan also awarded him Gold Medal in recognition of meritorious services for business community at FPCCI Award Ceremony on 09th August 2004.

EXECUTIVE MANAGEMENT



Zeeshan Shafique

*Company Secretary /
Chief Financial Officer*

Mr. Zeeshan Shafique, Associate Chartered Accountant (ACA), is the Company Secretary and Chief Financial Officer of ISE Towers REIT Management Company Limited. With cumulative work experience of over 16 years in audit / assurance, he gained expertise in the field of auditing, internal controls evaluation, accounts & finance, legal & regulatory compliances and corporate matters.

He took initial training in Audit and Assurance Department of AF. Ferguson & Co. Chartered Accountants (member firm of PwC) Islamabad and qualified as a Chartered Accountant in 2015 from the Institute of Chartered Accountant of Pakistan. He obtained certifications in MS Office tools, presentation & communication skills and also regularly attends courses and seminars on different professional subjects as a part of Continuing Professional Development program.



Syed Nayyar Ashfaq

*Senior Manager
Operations & Admin*

Syed Nayyar Ashfaq has been associated with ISE Towers REIT Management Company Limited (Formerly Islamabad Stock Exchange Limited) from 1992-2001 and from 2006 to date as Senior Manager, Operations & Administration of ISE Towers. He holds a Master degree in Business Administration. He also holds Diploma in Human Resource Function Professional (HRFP) from Shaheed Zulfiqar Ali Bhutto Institute of Science & Technology (SZABIST), Islamabad. He possesses excellent administration and management skills. He is the overall incharge of Operations and Maintenance Department of the Company. Being the Senior Manager (Department of Operations and Maintenance-ISE Towers), his major responsibility is to ensure the smooth functioning/operations of ISE Towers.

EXECUTIVE MANAGEMENT



Lt. Col (R) Fateh Khan

*Chief Security Officer/
Manager HSE*

Lt Col Fateh Khan (Retd) is the Chief Security Officer/Manager HSE of the Company since February 2021. He is a highly experienced security professional and served on various challenging command and staff appointments during military service. He has also served in United Nations as Military Observer during Peace Keeping Mission abroad. Prior to joining ISE RMC, he has been GM HR & Admin of Trillium Pvt Ltd and Manager Administration/Security in Askari Cement and Fatima Group of Companies. His experience towards security and HSE matters made a valuable contribution and created congenial/secure business environment. He holds master degree in International Relationship. He is Graduate of Command and Staff College Quetta. He also attended various professional military courses in Pakistan as well as training abroad on character, influence and management.

MANAGEMENT TEAM





**NOTICE OF ANNUAL
GENERAL MEETING**



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of ISE Towers REIT Management Company Limited (the Company) will be held on Monday, October 28, 2024 at 03:30 p.m. at the registered office of the Company, 55-B, Jinnah Avenue, Islamabad in ISE Towers Auditorium to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of 34th Annual General Meeting of the Company held on October 27, 2023.
- 2) To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2024 together with the Directors' and Auditors' reports thereon.
- 3) To consider and approve the final cash dividend at the rate of Re. 0.65 per share i.e. (6.5%) for the year ended June 30, 2024, as recommended by the Board of Directors. This final cash dividend would be in addition to 4% interim cash dividend (i.e., Re. 0.40/- per share) already paid to the shareholders for the period ended March 31, 2024.
- 4) To appoint Auditors of the Company for the year ending June 30, 2025 and to fix their remuneration.

By order of the Board



Zeeshan Shafique
Company Secretary

Islamabad: October 07, 2024

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

- a) The Share Transfer Books of the Company will remain closed from October 21, 2024 to October 28, 2024 (both days inclusive). Transfers approvals received at the Company's Shares Registrar office, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi, by the close of business on October 18, 2024 will be treated in time for the purpose of determining the entitlement for the payment of final cash dividend and to attend the Annual General Meeting (AGM).

2. FOR ATTENDING THE GENERAL MEETING:

- a) A member entitled to attend the AGM may appoint another member of the Company as his / her proxy to attend the AGM. A proxy form is enclosed. Proxies, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of holding the meeting i.e., on or before 03:30 p.m. October 25, 2024.
- b) In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in joint account and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the AGM.
- c) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced at the time of the meeting for participation in the AGM.

3. DEDUCTION OF INCOME TAX FROM DIVIDEND:

- a) Tax at source on dividend income will be deducted as per applicable tax rates on filers and non-filers under section 150 of the Income Tax Ordinance, 2001.
- b) In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted based on shareholding of each joint holder as may be notified by the shareholder in writing to our Share Registrar as per following format, or in case of no notification, each joint holder shall be assumed to have an equal number of shares.

Folio/CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC no.	Shareholding proportion (No. of Shares)

- c) To enable the Company to make tax deduction on the amount of cash dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR) Active Tax-Payers List (ATL) are advised to make sure that their names are entered into the ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.
- d) Members seeking exemption from deduction of income tax or eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be, to the Company's Share Registrar.

4. EXEMPTION FROM DEDUCTION OF ZAKAT:

Members desiring non-deduction of zakat are requested to submit a valid declaration for non-deduction of zakat (if applicable) with the Share Registrar of the Company / their respective CDC Participant/CDC accounts maintaining authorities for the same before the book closure date.

NOTICE OF ANNUAL GENERAL MEETING

5. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive annual reports along with notice of AGM electronically through email. Hence, members who are interested in receiving the annual reports and notice of AGM electronically in future are requested to inform their email addresses along with consent form to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

6. CHANGE OF ADDRESS:

Members are requested to promptly notify any change of address to the Company's Share Registrar.

7. AVAILABILITY OF ANNUAL ACCOUNTS ON COMPANY'S WEBSITE:

The annual audited financial statements of the Company for the year ended June 30, 2024 are also being made available on the Company's website (<https://isereit.com.pk>) in addition to annual and quarterly financial statements for the prior years.

8. PAYMENT OF DIVIDEND:

- a) In terms of Companies (Distribution of Dividend) Regulations, 2017, dividend payable in cash may be paid through either of the three modes chosen by the respective shareholder via its mandate viz. i) direct transfer into the designated bank account; or ii) dividend warrant; or iii) cross cheque. If any shareholder wishes to change the mandate provided, it shall do so in writing to the Registrar of the Company which shall become applicable and effective for any future cash dividend payouts. Moreover, if any shareholder wishes to get the cash dividend through electronic mode directly into bank account, such shareholder is requested to update requisite details as per following format with relevant CDC account maintaining authority:

E - Dividend Mandate

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail

Name of shareholder:
 Folio No./CDC Participants ID A/c No.:
 CNIC No.:
 Passport No. (in case of foreign shareholder):
 Cell Number & Land Line Number:
 Email Address (Mandatory):

Shareholder's Bank Detail

Title of Bank Account (Mandatory):
 International Bank Account Number (IBAN) Mandatory (24 Digits)" P K _____
 Bank's Name Branch Name and Address: _____

I hereby confirm that the above mentioned information is correct and in case of any change therein, I shall immediately communicate Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited / Share Registrar accordingly.

 (Signature of shareholder)

NOTICE OF ANNUAL GENERAL MEETING

- b) It may be noted that the Company shall withhold the payment of dividend of a member where the member has not provided the complete information or documents as specified. The shareholders shall submit the Dividend Mandate Form, properly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being maintained.
- c) The Shareholders who could not collect their previous dividend are advised to contact the Company to collect their unclaimed dividend, if any. In compliance with Section 244 of Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government.
- d) The Shareholders should also notify our Share Registrar, Central Depository Company of Pakistan Limited, regarding any change in their addresses and ensure to submit copies of their up-to-date CNICs.



Zahid Latif Khan

Chairman

CHAIRMAN'S REVIEW

Dear Members

It is my distinct pleasure to welcome you all to the 35th Annual General Meeting of ISE Towers REIT Management Company Limited.

The financial performance in 2024 demonstrated the Company's ability to deliver sustained growth, with notable increases in revenue and profitability, affirming the Board's strategic decisions.

I am delighted to announce that, driven by the Company's improved profitability, your Board has recommended a final cash dividend of Re. 0.65 per share for the year. This dividend is in addition to the 4% interim cash dividend (Re. 0.40 per share) already distributed to shareholders for the period ended March 31, 2024. As a result, the total cash payout for the year amounts to 385.546 million, representing a 13 % increase over the previous year. Furthermore, the Company's financial position remains robust, characterized by a debt-free status and substantial liquidity.

The Company achieved a major milestone during the year under review, securing SECP approval for its pioneering rental REIT Scheme, "ISE Towers REIT Scheme", the first of its kind in the Central region. Following Trust registration on May 18, 2023, and REIT Scheme registration by SECP on August 10, 2023, the Company successfully met key SECP deadlines, including financial close by December 31, 2023, and remains on track for REIT Scheme listing by June 30, 2025.

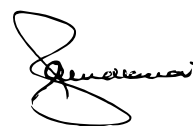
Looking ahead, the Company is focused on expanding its REIT offerings, introducing new Schemes to drive growth and diversification. To achieve this, the Company is exploring strategic opportunities for launching Developmental REIT Schemes, underscoring its commitment to innovation and business expansion.

The Board has placed utmost importance on maintaining a safe and secure environment at ISE Towers, implementing comprehensive measures to ensure the well-being and comfort of occupants, visitors, and business partners. As part of this commitment, the Company continually enhances its safety infrastructure, incorporating cutting-edge installations to safeguard the premises and its occupants.

The Company has been complying with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board has constituted four statutory committees i.e., Audit Committee, Human Resource and Remuneration Committee, Risk Management Committee and Nomination Committee which are performing their functions diligently. The Chief Executive Officer of the Company has been delivering his duties with best of his abilities.

The Board's expert direction has been instrumental in shaping our policy decisions, and I appreciate the dedication of each member in fulfilling their obligations. My fellow board members deserve special recognition for their unwavering commitment and valuable insights that have significantly impacted our progress.

On behalf of the Board, I extend our heartfelt appreciation to the Government of Pakistan, specifically the Ministry of Finance, Securities and Exchange Commission of Pakistan, and Federal Board of Revenue, for their unwavering support. We're equally grateful to our loyal shareholders and valued customers for their ongoing trust and partnership. Last but not least, I'd like to recognize the tireless efforts of our management team and employees, whose dedication has been instrumental in our success.



Zahid Latif Khan
Chairman

A close-up photograph of several business professionals in a meeting. They are gathered around a table, looking at and pointing to various financial charts and documents. One person in the foreground is holding a yellow pencil, pointing at a bar chart. Another person is holding a silver pen, pointing at a different part of the document. The documents feature blue-toned bar charts, line graphs, and circular progress indicators. The background is slightly blurred, showing more people in business attire.

DIRECTORS' REPORT

The Board of Directors of ISE Towers REIT Management Company Limited (the Company) take pleasure to present their report together with audited financial statements of the Company for the year ended June 30, 2024.



LSE
REIT



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23



Sagheer Mushtaq

Chief Executive Officer

DIRECTORS' REPORT

FINANCIAL PERFORMANCE

The year ended June 30, 2024, saw the Company's profit after tax soar by 30%, fueled by revenue growth, effective pricing management, and rigorous cost controls. Despite navigating a challenging external environment marked by economic uncertainty and high inflation, the Company's gross income surged by 13.4% compared to the prior year.

	2024 Rupees in 'Million'	2023* Rupees in 'Million'	Change Rupees in 'Million'
Operating income	378.16	354.69	23.47
Other income	235.83	186.79	49.04
Admin expenses	96.55	90.56	5.99
PAT**	508.77	392.24	116.53
EPS***	1.39	1.07	0.32
Book value	21.08	20.52	0.56

* Profit after tax is exclusive of fair value gain on investment property.

** Earning per share is on account of distributable profits of the Company.

Moreover, the Company's financial position remained solid and stable, with a significant increase in equity of 206.1 million over the previous year, further bolstering its financial foundation.

Dividend

The Board of Directors are pleased to recommend a final cash dividend of Re. 0.65 per share (6.5%) for the year ended June 30, 2024 thereby appropriating an amount of Rs. 238.672 million out of un-appropriated profits. This final cash dividend would be in addition to 4% interim cash dividend (i.e., Re. 0.40/- per share) already paid to the shareholders for the period ended March 31, 2024, cumulative cash payout for the year would be 385.546 million.

Financial Highlights

Financial highlights of the Company for last six years are provided at page 36 of Annual Report.

ECONOMY

Pakistan's economy has shown signs of recovery in FY24 following a contraction in FY23 (GDP: -0.2%) with GDP growth of 2.4%. Notable indicators include agricultural growth, a decrease in inflationary pressures, an improved current account balance and particularly increase in foreign exchange reserves has stabilized the PKR/USD exchange rate. On the flip side challenges persists particularly in manufacturing

activity and high cost of servicing debt, which accounts for 56% of total revenues. Although the authorities have managed to put economy on a stable pedestal, the outlook, however, is still fraught with substantial downside risks from both external and internal factors.

As Pakistan undergoes this period of transition, the Real Estate sector stands as a key driver of economic growth and prosperity. By harnessing its potential and capitalizing on emerging opportunities, the sector can play a pivotal role in shaping a brighter future for the country and its citizens.

REAL ESTATE / REIT SECTOR

Pakistan's Real Estate sector has long been a cornerstone of its economy, offering investors lucrative returns and providing shelter for its growing population. However, amidst recent political instability and economic uncertainty, the sector has faced challenges. With the conclusion of the FY24, there is renewed hope for economic reforms and stability. The sector grew by 9.1% in FY23, however, growth slowed down to around 6.4% in FY24.

Real Estate Investment Trusts (REITs) are poised to gain prominence in Pakistan's real estate market offering investors a convenient avenue for passive income and portfolio diversification. Their capacity to attract both institutional and retail investors renders them a pivotal component of the investment landscape. SECP's supportive regulatory reforms reduced the entry barriers and fueled unprecedented investment in REIT sector. As of end of FY24, 28 REIT Management Companies (RMCs) are registered with the SECP, with 15 REITs schemes being registered having a cumulative fund size of Rs. 161.21 billion, out of which 3 REIT Schemes listed on Pakistan Stock Exchange with an aggregate market capitalization of over Rs. 66.43 billion.

The future outlook for REITs in Pakistan appears promising, with growing investor interest, regulatory support, and evolving market dynamics. Continued innovation, investor education, and regulatory reforms are expected to further catalyze the growth of REITs and contribute to the development of Pakistan's property market.

COMPANY OPERATIONS

REIT Schemes

The year under review marks a significant milestone for the Company, as it successfully got approval for

DIRECTORS' REPORT

registration of its rental REIT Scheme, "ISE Towers REIT Scheme", from the SECP, a groundbreaking achievement that sets a new precedent. Notably, this Scheme is also the first of its kind in the Central region, further solidifying the Company's pioneering position in the industry.

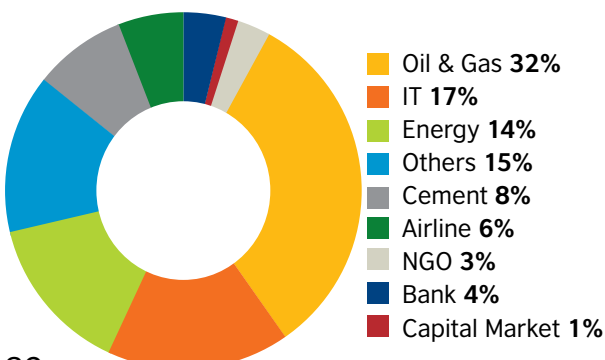
The Trust registration was completed on May 18, 2023, with the Directorate of Industries and Commerce, Sindh. The SECP has outlined key milestones, including financial close by December 31, 2023, which has been accomplished, and REIT Scheme listing by June 30, 2025. The Company is progressing with the property transfer to the Trust and is on track to meet the SECP's listing deadline, demonstrating its commitment to regulatory compliance and timely execution.

In addition, the Company is dedicated to expanding its REIT offerings, with plans to introduce new Schemes that will further drive business growth. To achieve this, the Company is actively exploring various opportunities for launching Developmental REIT Schemes.

Meanwhile, the Company is also directing its efforts towards obtaining the completion certificate for ISE Towers from the Capital Development Authority, with the goal of adding value to the property and driving long-term growth.

Robust Tenancy Profile

ISE Towers is considered as a financial hub of the capital city Islamabad and retained high-profile / diversified tenancies comprising oil sector, energy, financial institutions, capital market etc. Some of the key business partners are MOL Pakistan Oil & Gas Co B.V., United Energy Pakistan Limited, Hascol Petroleum Limited, Inbox Technologies (Private) Limited, Lucky Cement, Sky Electric (Private Limited), a company of Saif Group, Airblue, Air China Limited, SAP Middle East, Pakistan Mercantile Exchange, Anatolia Travel Services (Private) Limited, IDP Education Pakistan (Private) Limited, National Bank of Pakistan etc. Current occupancy rate of the building is 100%.



Enhanced Safety, Security and Value-Added Services

The Company's top priority is to provide enhanced safety and security measures, ensuring a secure environment for our clients and. Accordingly, works on contracts for installation of smoke venting systems and fire sprinklers systems are in full swing and are expected to be completed by end of December, 2024. Besides, the building is already equipped with the fire safety infrastructure including fire alarm systems, hose reels, auto fire suppression systems, fire extinguishers etc.

In addition, the Company places a strong emphasis on creating a safe and healthy work environment for its business partners, with regular environmental testing and stringent security protocols in place, including both physical and virtual surveillance to ensure a secure building environment."

The Company is proud to hold the following certifications:

- ISO 9001-2015 for quality management services of ISE Towers;
- Smoke free building declared by Ministry of National Health Services, Regulations and Coordination (NHSRC);
- Compliant with environmental laws, certified by Pakistan Environmental Protection Agency;
- Compliant with electrical protocols, certified by WAPDA accredited agent;
- Building integrity and rentability, certified by NESPAK.

GOVERNANCE

The Company takes a proactive approach to the corporate governance, fully complying with the requirements of the Listed Companies (Corporate Governance) Regulations, 2019 (CCG). Our compliance statement, reviewed and endorsed by external auditors, is included in this annual report, showcasing our commitment to upholding the highest standards of governance and transparency.

Board of Directors

The Company boasts a robust and well-rounded Board of Directors, comprising individuals with a diverse range of skills, expertise, and experience, ensuring a rich tapestry of perspectives and knowledge that effectively guides the Company's strategic direction. The Board of Directors of the Company comprises nine (9) members including five (5) Non-Executive Directors (NEDs) having representation of shareholders and three (3) Independent Directors (IDs), whereas seats of two members are currently vacant due to resignation of one director and sad demise of another director. The Chief Executive

DIRECTORS' REPORT

Officer (CEO) is an ex-officio member of the Board. Current composition of the Board is as under:

Representing Shareholders (NED):

1. Mr. Zahid Latif Khan
2. Mr. Adil Khan Swati
3. Mr. Farrukh Younas Khan
4. Sardar Aman Khan
5. Mr. Sohail Altaf

Independent Director

6. Ms. Farzin Khan
7. Malik Qamar Afzal
8. Mr. Aamer Riaz Lt. Gen (Retd.)

Chief Executive Officer – Executive Director

9. Mr. Sagheer Mushtaq

Mr. Zahid Latif Khan, NED, is the Chairman of the Board.

During the year, seven (7) meetings of the Board were held, attendance of the directors is attached.

Committees of the Board

In compliance with CCG, the Board has constituted four statutory committees:

- i. Audit Committee
- ii. Human Resource and Remuneration (HRR Committee)
- iii. Nomination Committee
- iv. Risk Management Committee

The composition of the Committees is in accordance with the requirements of CCG. Current composition of the Committees is given below:

Name of Directors	Audit	HRR	Nomination	Risk Management
Mr. Zahid Latif Khan		✓	✓	✓
Mr. Adil Khan Swati	✓		✓	
Mr. Farrukh Younas Khan	✓	✓	✓	
Ms. Farzin Khan	✓	✓		
Malik Qamar Afzal	✓			✓
Sardar Aman Khan		✓		✓
Mr. Sohail Altaf		✓	✓	

Attendance of the Committees meetings is attached as annexure to the report.

Directors' Training

To uphold the highest standards of corporate governance, the Company recognizes the importance of ongoing education and training for its directors, ensuring they possess the necessary skills and knowledge to make informed decisions and provide effective leadership. Accordingly, during the year the Company arranged training program for one Board member, in order to keep him abreast with regulatory and governance updates through an institution duly accredited by SECP. Out of the current composition of the Board, five Directors of the Company are certified Directors as per the requirements of CCG. The rest of the directors shall be imparted this training in due course.

Annual Evaluation of the performance of the Board, Board's Committees and Individual Directors

In accordance with the Listed Companies (Code of Corporate Governance) Regulations 2019, the Company has established a rigorous and systematic process for regularly assessing the performance of the Board, its members, and Committees. This evaluation framework encompasses a comprehensive range of criteria, including Board composition and diversity, effectiveness of Board and Committee functions, governance frameworks, and overall dynamics and contributions, ensuring a thorough and multifaceted assessment of performance.

Directors' Remuneration

All the Non-Executive Directors/Independent Directors are entitled to a fixed fee for attending Board meetings as approved by the Board. The CEO is the only executive director on the Board. He is entitled to salary and other benefits as per Company's policy and as approved by the Board. No fee is paid to CEO for attending the board meetings.

Directors' Compliance Statement

The Board confirms that:

- Proper books of accounts have been maintained.
- The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- There is no significant doubt on the Company's ability to continue as going concern.
- Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the International Financial Reporting Standards, as applicable in Pakistan. The accounting estimates, wherever required, are based on reasonable and prudent judgment.

DIRECTORS' REPORT

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There is no material departure from the best practices of corporate governance.
- Key operating and financial data of last 6 years has been included in this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges the transformative power of quality education in fostering human capital and driving societal progress. As such, it is dedicated to empowering talented and deserving students in the Islamabad and Rawalpindi communities by providing access to exceptional educational opportunities. The Company's initiatives and contributions in this area during the year under review are outlined below:

Read Foundation: READ Foundation is a non-profit and non-governmental organization working for the provision of quality education in Pakistan. Their nationwide institutes are playing a vital role to educate the children living in the urban and particularly in the far-flung rural areas of Pakistan. The Company has extended its scholarship program to the select students of Read Foundation and currently sixteen students have been availing ISE RMC Scholarships.

Company employees: The Company considers its human resource as the primary asset of the Company. Hence, the Company has also been providing its scholarship to the shining students of its employees. Currently, twenty-seven number of students are enrolled under the Company's scholarship.

The Company's cumulative contribution during the current year for education of deserving students comes to Rs. 1.34 million.

CORPORATE STRATEGY AND FUTURE OUTLOOK

To achieve sustainable growth and a prominent position in the REIT sector, the Company has adopted a multi-faceted strategy. This includes identifying and acquiring premium properties in desirable locations, optimizing operational performance, and prioritizing environmental, social, and governance (ESG) responsibilities. Furthermore, the Company recognizes the importance of building a talented and dedicated team to drive its continued success

The Company besides launch of its first REIT which has already been registered, will pursue the real estate market players to launch Developmental REIT Schemes in the metropolitan cities and in this respect the

management has already been exploring real estate projects.

INTERNAL AUDIT

The Internal Audit function of the Company is effectively operating within the framework prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the charter approved by the Audit Committee. The Board values the inputs and recommendations of the Audit Committee on the adequacy and effectiveness of internal controls in the Company and ensures appropriate timely actions. Currently, ShineWing Hameed Chaudhri & Co. are rendering professional services for internal audit function of the Company.

ETHICS AND COMPLIANCE

'Code of Conduct' has been disseminated to all Directors and employees of the Company in compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

LEGAL MATTERS

At present only one legal case titled MRA Altec Construction (Pvt) Limited vs. ISE Towers REIT Management Company is pending for adjudication which is being pursued by the Company vigorously.

APPOINTMENT OF AUDITORS

BDO Ebrahim & Co. Chartered Accountants, auditors of the Company for the FY 2023-24 stands retire and being eligible, have offered themselves for reappointment for the term 2024-2025. The Audit Committee and the Board recommends the reappointment of BDO Ebrahim & Co. Chartered Accountants as statutory auditors of the Company for the year 2024-2025 at the remuneration, to be approved by general body at Annual General Meeting, which will also cover the charges for review of half yearly accounts and review of Compliance Statement under Corporate Governance practices in terms of Listed Companies (Code of Corporate Governance) Regulations, 2019.

The external auditors have been given satisfactory rating under the Quality Control Review Program of Institute of Chartered Accountants of Pakistan (ICAP). They have confirmed that their firm is in compliance with provisions of Listed Companies (Corporate Governance) Regulations 2019 and International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

The external auditors have not been appointed to provide any other service which may impair their

DIRECTORS' REPORT

independence and they have confirmed having observed IFAC guidelines in this respect.

PATTERN OF SHAREHOLDING

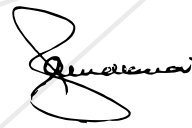
The Pattern of Shareholding as at June 30, 2024 along with the necessary information is annexed to this report.

ACKNOWLEDGEMENT

The Board of Directors would like to express its sincere appreciation and gratitude to the Securities and Exchange Commission of Pakistan (SECP) and other relevant government agencies for their

invaluable guidance and cooperation. The Board also extends its thanks to the shareholders for their trust and support, and to the Board Committees for their valuable contributions and assistance. Their collaboration has significantly enhanced the Board's ability to discharge its responsibilities effectively. Furthermore, the Board acknowledges and appreciates the tireless efforts and dedication of the Management and employees, whose hard work has been instrumental in driving the Company's success.

For and on behalf of the Board



Zahid Latif Khan
Chairman of the Board



Sagheer Mushtaq
Chief Executive Officer

Islamabad, October 1, 2024

Attendance at meetings

During the year seven (7) meetings of the Board of Directors, four (4) meetings of the Audit Committee and three (3) meetings of the HRR Committee of the Board were held. Directors' respective attendance in the meetings was as follows:

Name of Directors	Board Meeting	Audit Committee Meeting	HRR Committee Meeting
Mr. Zahid Latif Khan	7/7	-	3/3
Mr. Aamer Riaz	2/7	-	-
Mr. Adil Khan Swati	7/7	4/4	-
Mr. Farooq Zafar	3/7	2/4	-
Mr. Farrukh Younas Khan	7/7	4/4	3/3
Ms. Farzin Khan	7/7	-	3/3
Malik Qamar Afzal	7/7	-	-
Sardar Aman Khan	5/7	-	3/3
Mr. Shauzab Ali	6/7	4/4	-
Mr. Sohail Altaf	7/7	-	3/3

No meeting of Risk Management and Nomination Committees has been held.



**FINANCIAL
HIGHLIGHTS**



GLOBAL STOCK EXCHANGE LTD.

ISE
REIT



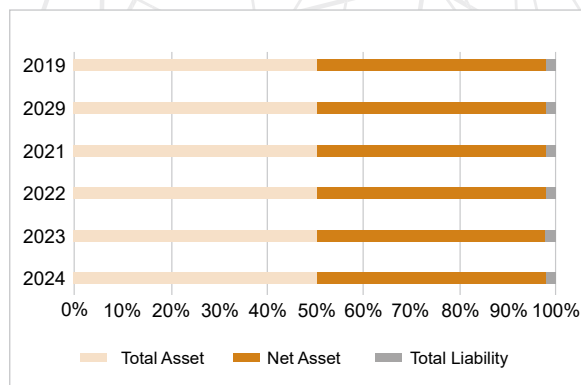
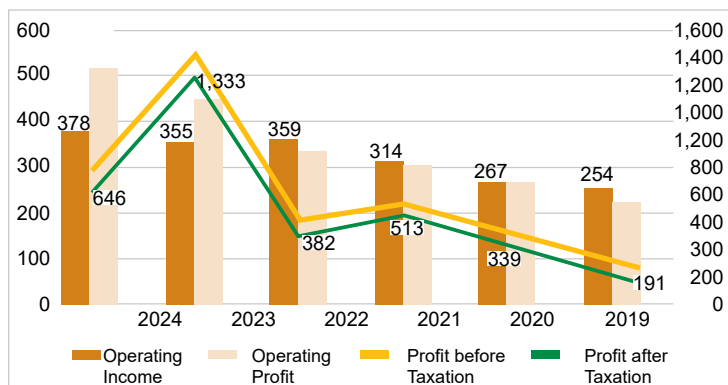
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FINANCIAL HIGHLIGHTS

Six Years Performance

	2024	2023	2022	2021	2020	2019
Profit & Loss						
Revenue	614.00	541.49	481.84	408.00	354.89	324.78
Administrative expenses	96.62	90.71	147.34	101.35	87.94	104.40
Fair value gain	137.20	940.67	108.67	201.14	102.25	0.00
Share of profit from associated companies	127.19	65.58	48.66	73.53	35.30	28.73
Income before taxation	781.88	1460.70	495.34	581.23	404.50	249.12
Income after taxation	645.97	1332.91	381.74	513.40	338.50	191.13
Net Profit	645.97	1332.91	381.74	513.40	338.50	191.13
Information per ordinary share						
Dividend [Rs per share]	1.05	0.93	0.65	0.60	0.33	0.24
EPS [Rs per share]	1.76	3.63	1.04	1.40	0.92	0.52
Breakup value [Rs per share]	21.08	20.52	17.46	17.03	15.45	14.49
Balance Sheet						
Property and equipment	1,292.15	1,195.58	1,160.04	1,123.07	1,054.48	919.79
Intangible assets	1.90	1.96	2.26	0.93	0.86	0.73
Investment property	5,233.50	5,096.31	4,155.64	4,046.97	3,845.84	3,743.59
Long term investments	633.05	496.06	446.52	415.46	347.70	300.26
Total Current Assets	845.20	999.94	839.86	797.71	533.71	472.96
Total Assets	8,088.56	7,830.10	6,669.04	6,474.63	5,877.45	5,539.77
Equity+Revaluation Surplus	7,740.08	7,533.99	6,411.60	6,251.98	5,673.72	5,321.48
Total Non-Current Liabilities	56.06	48.99	41.35	38.08	34.84	32.67
Total Current Liabilities	292.42	247.12	216.09	184.57	168.90	185.62
Cash Flow Summary						
Net cash used in operating activities	243.90	254.53	274.87	249.08	200.90	227.84
Net cash used in investing activities	233.77	(93.55)	30.28	(133.19)	(96.62)	(154.13)
Net cash used in financing activities	(481.06)	(232.33)	(215.11)	(112.00)	(82.85)	(60.13)
Net increase/(decrease) in cash and cash equivalents	(3.40)	(71.35)	90.04	3.89	21.43	13.57

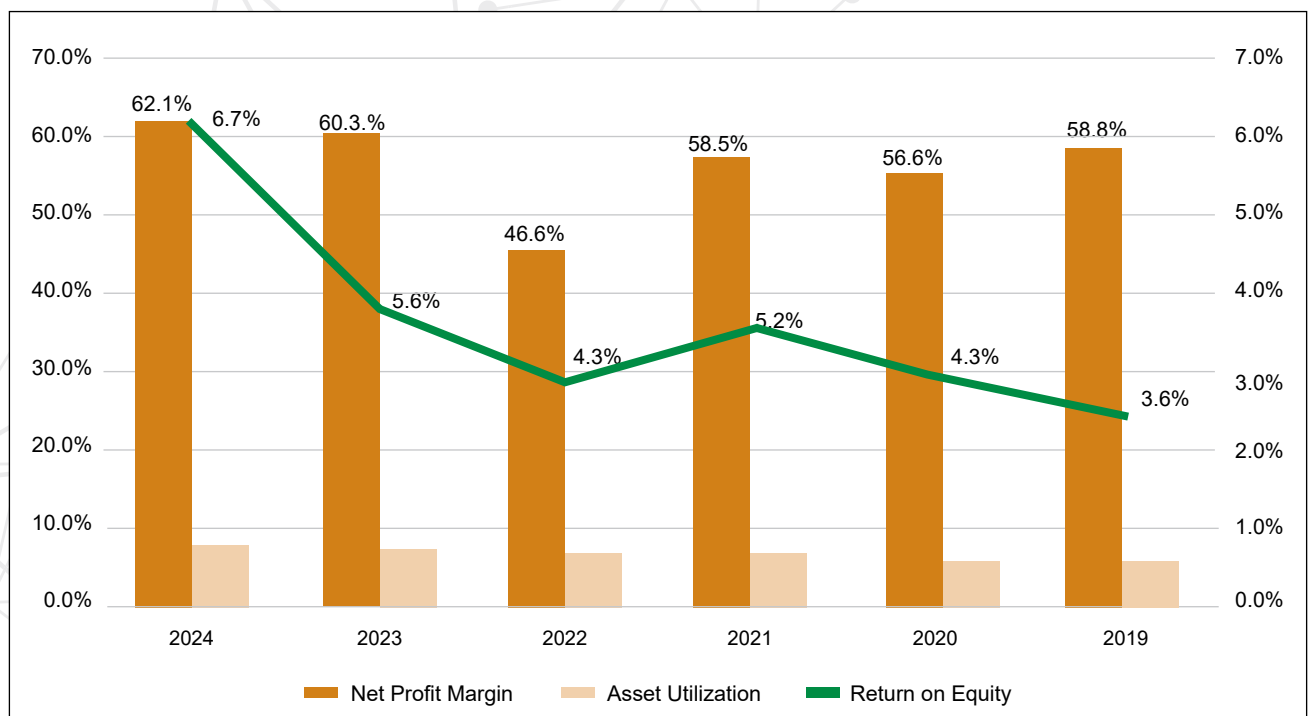
KEY FINANCIALS



RATIO ANALYSIS

	Unit	2024	2023	2022	2021	2020	2019
Investment ratios:							
Earnings per share (After tax)	Rupees	1.76	3.63	1.04	1.40	0.92	0.52
Earnings per share (Before tax)	Rupees	2.13	3.98	1.35	1.58	1.10	0.68
Book value per share	Rupees	21.08	20.52	17.46	17.03	15.45	14.49
Dividend per share	Rupee	1.05	0.93	0.65	0.60	0.33	0.24
Profitability Ratios:							
Operating Profit Margin	%	136.8%	127.1%	93.2%	97.7%	99.9%	86.8%
Net Profit Margin	%	62.1%	60.3%	46.6%	58.5%	56.6%	50.0%
Return on Average Equity (ROE)	%	6.7%	5.6%	4.3%	5.2%	4.3%	3.6%
Return on Average Assets (ROA)	%	6.4%	5.4%	4.2%	5.1%	4.1%	3.5%
Return on Capital Employed (ROCE)	%	9.9%	7.7%	5.5%	6.3%	5.1%	4.3%
Cost to Income ratio	%	15.7%	16.7%	30.3%	24.8%	24.8%	32.1%
Asset Quality and Liquidity ratios							
Investment to Total Assets	%	7.8%	6.3%	6.7%	6.4%	5.9%	5.4%
Cash to Current Liabilities	Times	0.27	0.34	0.71	0.36	0.37	0.22
Current Ratio	Times	2.89	4.05	3.89	4.32	3.16	2.55
Debt to Equity	Times	0.05	0.04	0.04	0.04	0.04	0.04
Total Assets to Equity	Times	1.05	1.04	1.04	1.04	1.04	1.04

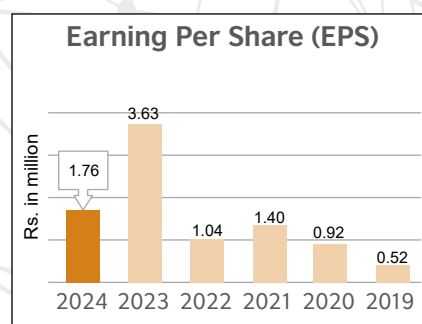
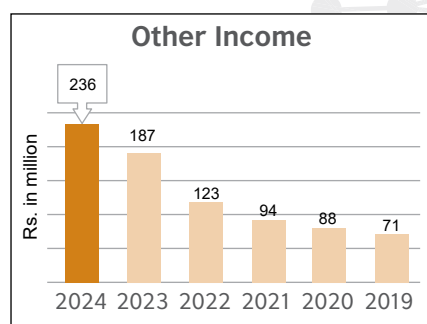
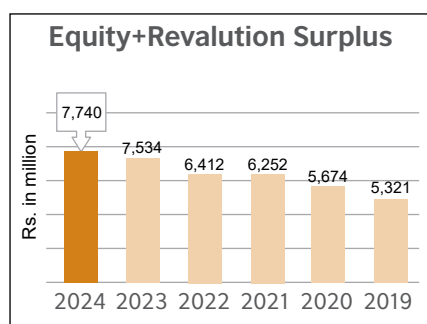
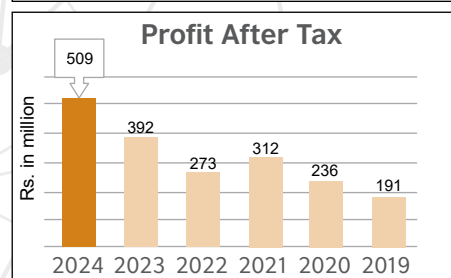
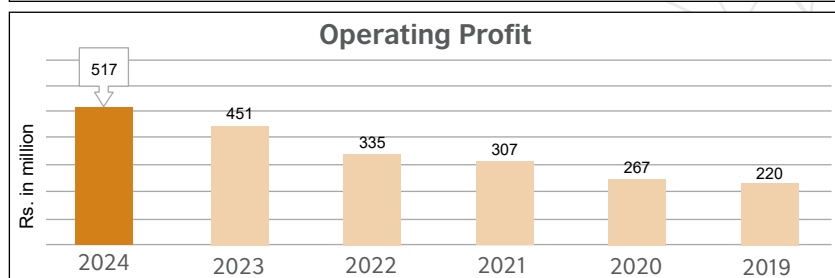
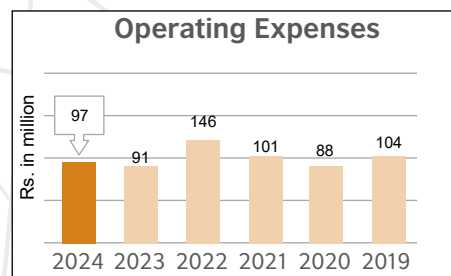
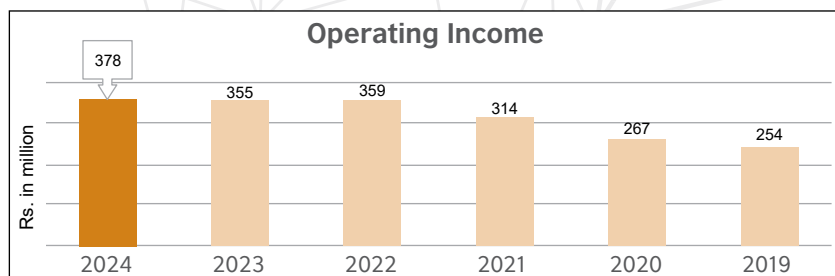
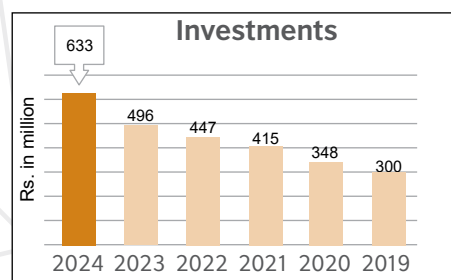
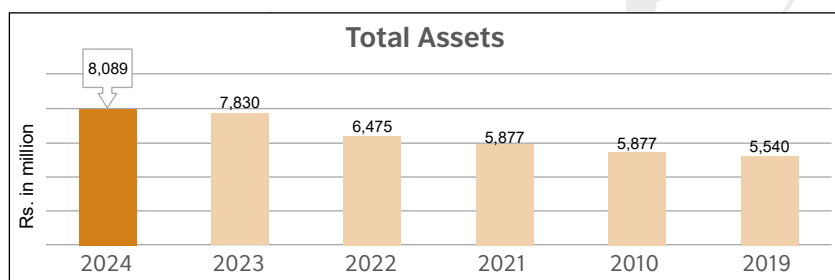
DUPONT ANALYSIS



*Net profit is exclusive of fair value gain on investment property and share of profit from associate

TREND ANALYSIS (2019-2024)

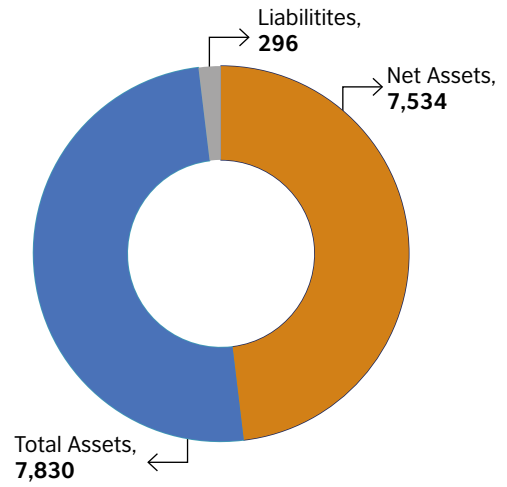
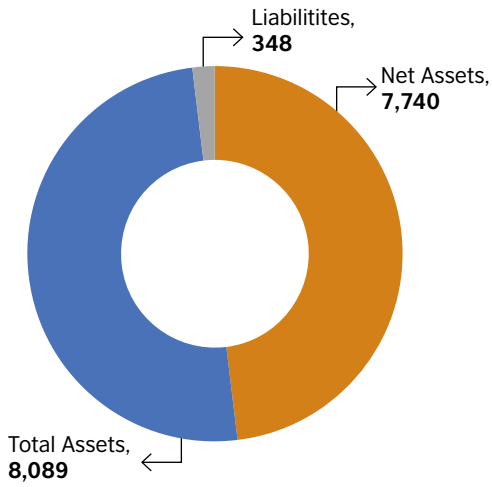
	2024	2023	2022	2021	2020	2019
Investments	633	496	447	415	348	300
Equity + Revaluation Surplus	7,740	7,534	6,412	6,252	5,674	5,321
Total Assets	8,089	7,830	6,669	6,475	5,877	5,540
Operating Income	378	355	359	314	267	254
Other Income	236	187	123	94	88	71
Operating profit	517	451	335	307	267	220
Profit After Tax	509	392	273	312	236	191
Operating Expenses	97	91	146	101	88	104
Earning Per Share (EPS)	1.76	3.63	1.04	1.40	0.92	0.52



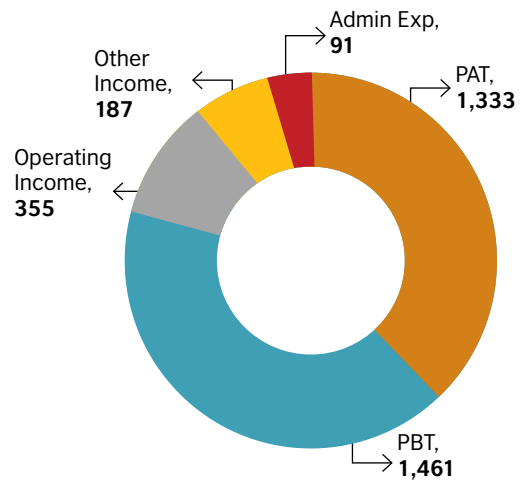
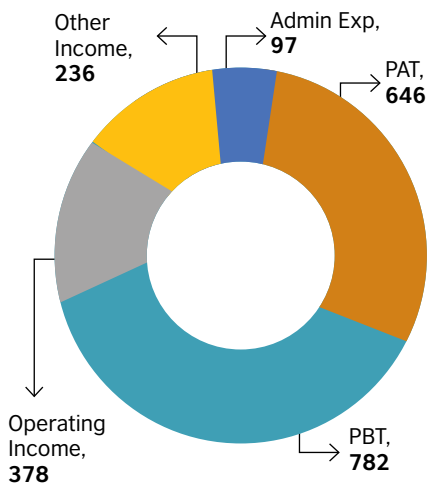
2024

2023

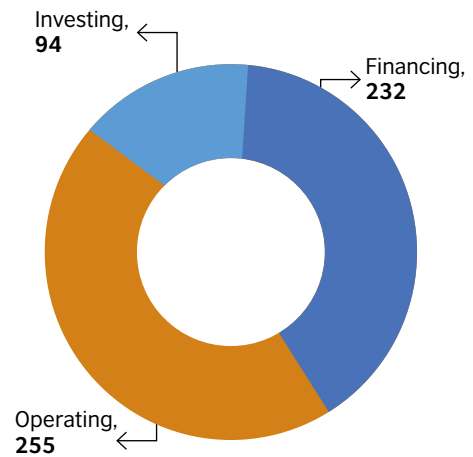
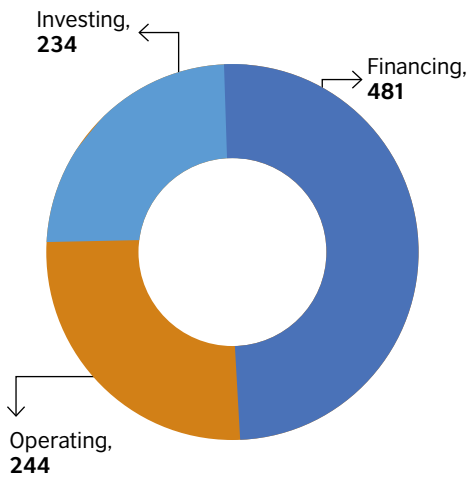
Financial Position
in Million



Financial Performance
in Million



Cash Flow
in Million





**STATEMENT OF COMPLIANCE
WITH THE LISTED COMPANIES
(CODE OF CORPORATE
GOVERNANCE) REGULATIONS, 2019**

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of ISE TOWERS REIT MANAGEMENT COMPANY LIMITED for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

ISLAMABAD

Dated: October 02, 2024

UDIN No. CR2024100605tNVwry7H



CHARTERED ACCOUNTANTS
Engagement Partner: Atif Riaz

Statement of Compliance with Listed Companies

(Code of Corporate Governance Regulations, 2019)

Name of Company: ISE TOWERS REIT MANAGEMENT COMPANY LIMITED

Year ending: June 30, 2024

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:

- a. Male: 08
- b. Female: 01

2. The composition of board is as follows:

a) Independent Directors (ID)

- i. Mr. Aamer Riaz
- ii. Ms. Farzin Khan (Female Director)
- iii. Malik Qamar Afzal

b) Non-executive Director (NED)

- i. Mr. Zahid Latif Khan (Chairman of the Board)
- ii. Mr. Adil Khan Swati
- iii. Mr. Farrukh Younas Khan
- iv. Sardar Aman Khan
- v. Mr. Sohail Altaf

c) Executive Director

- i. Mr. Sagheer Mushtaq (Chief Executive Officer)

d) Female Director

- i. Miss Farzin Khan

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors

in accordance with the Act and these Regulations.

9. The directors namely Mr. Zahid Latif Khan, Mr. Adil Khan Swati, Mr. Farrukh Younas Khan, Malik Qamar Afzal and Ms. Farzin Khan already have certifications of Directors' Training Program from accredited institutions. The rest of the directors shall be imparted this training in due course.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The Chief Executive Officer has duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

1. Malik Qamar Afzal ID – Chairman of the Committee
2. Mr. Adil Khan Swati
3. Ms. Farzin Khan
4. Mr. Farrukh Younas Khan
5. Mr. Zeeshan Shafique Secretary of the Committee

b) Human Resource Committee

1. Ms. Farzin Khan ID – Chairman of the Committee
2. Mr. Farrukh Younas Khan
3. Sardar Aman Khan
4. Mr. Sohail Altaf
5. Mr. Zahid Latif Khan
6. Mr. Sagheer Mushtaq
7. Mr. Zeeshan Shafique Secretary of the Committee

c) Nomination Committee

1. Mr. Zahid Latif Khan NED – Chairman of the Committee
2. Mr. Adil Khan Swati
3. Mr. Farrukh Younas Khan
4. Mr. Sohail Altaf
5. Mr. Sagheer Mushtaq
6. Mr. Zeeshan Shafique Secretary of the Committee

d) Risk Management Committee

1. Malik Qamar Afzal ID – Chairman of the Committee
2. Sardar Aman Khan
3. Mr. Zahid Latif Khan
4. Mr. Sagheer Mushtaq
5. Mr. Zeeshan Shafique Secretary of the Committee

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

- a). Audit Committee: Four (4) meetings of the Committee were held during FY 2024.
- b). Human Resource and Remuneration (HRR) Committee: Three (3) meetings of the Committee were held during FY 2024.
- c). Nomination Committee: No meeting was held during FY 2024.
- d). Risk Management Committee: No meeting was held during FY 2024.

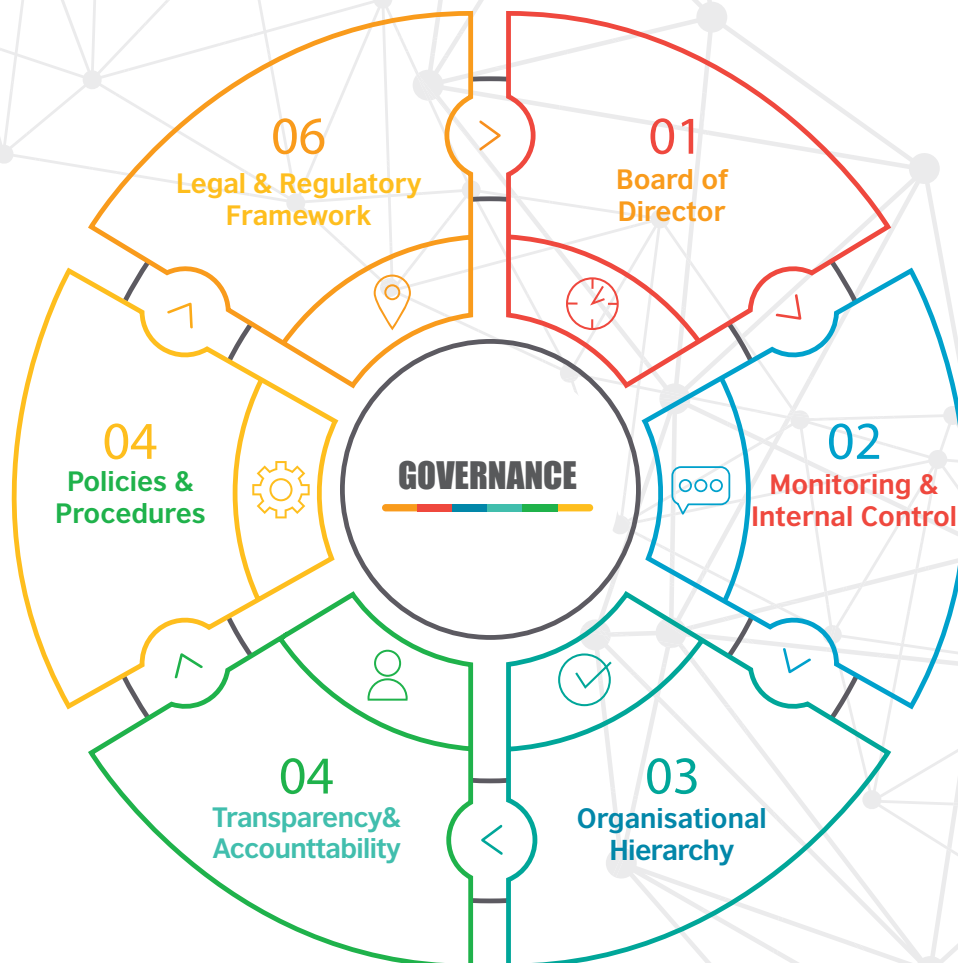
15. The board has set up an effective internal audit function that is considered suitably qualified and expe-

rienced for the purpose and is conversant with the policies and procedures of the company.

- 16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

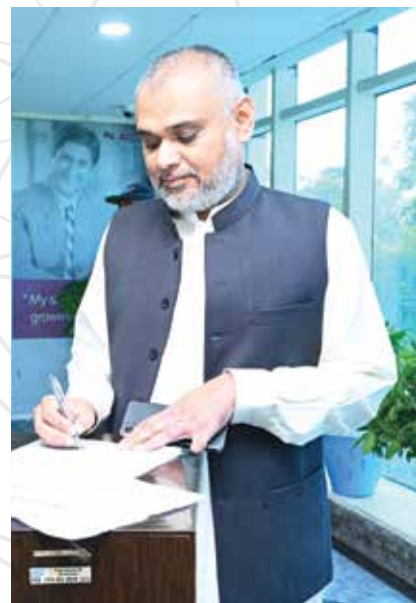

Zahid Latif Khan
Chairman

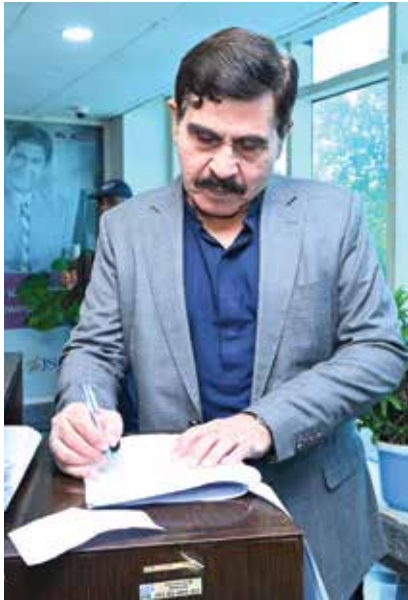

Sagheer Mushtaq
Chief Executive Officer

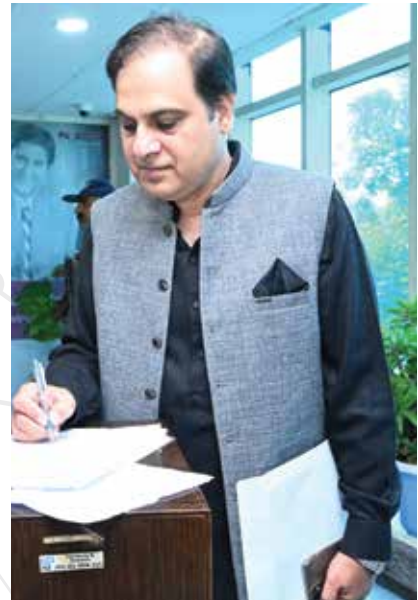


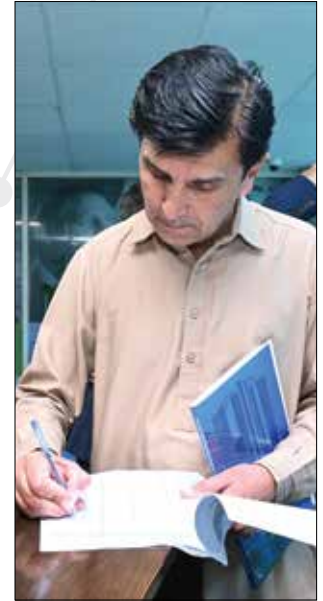
ANNUAL GENERAL MEETING











BOARD OF DIRECTORS' MEETINGS









AUDIT COMMITTEE



HRR COMMITTEE



FIRE AND SAFETY PROJECT SUPERVISION COMMITTEE





EVENTS GLIMPSES













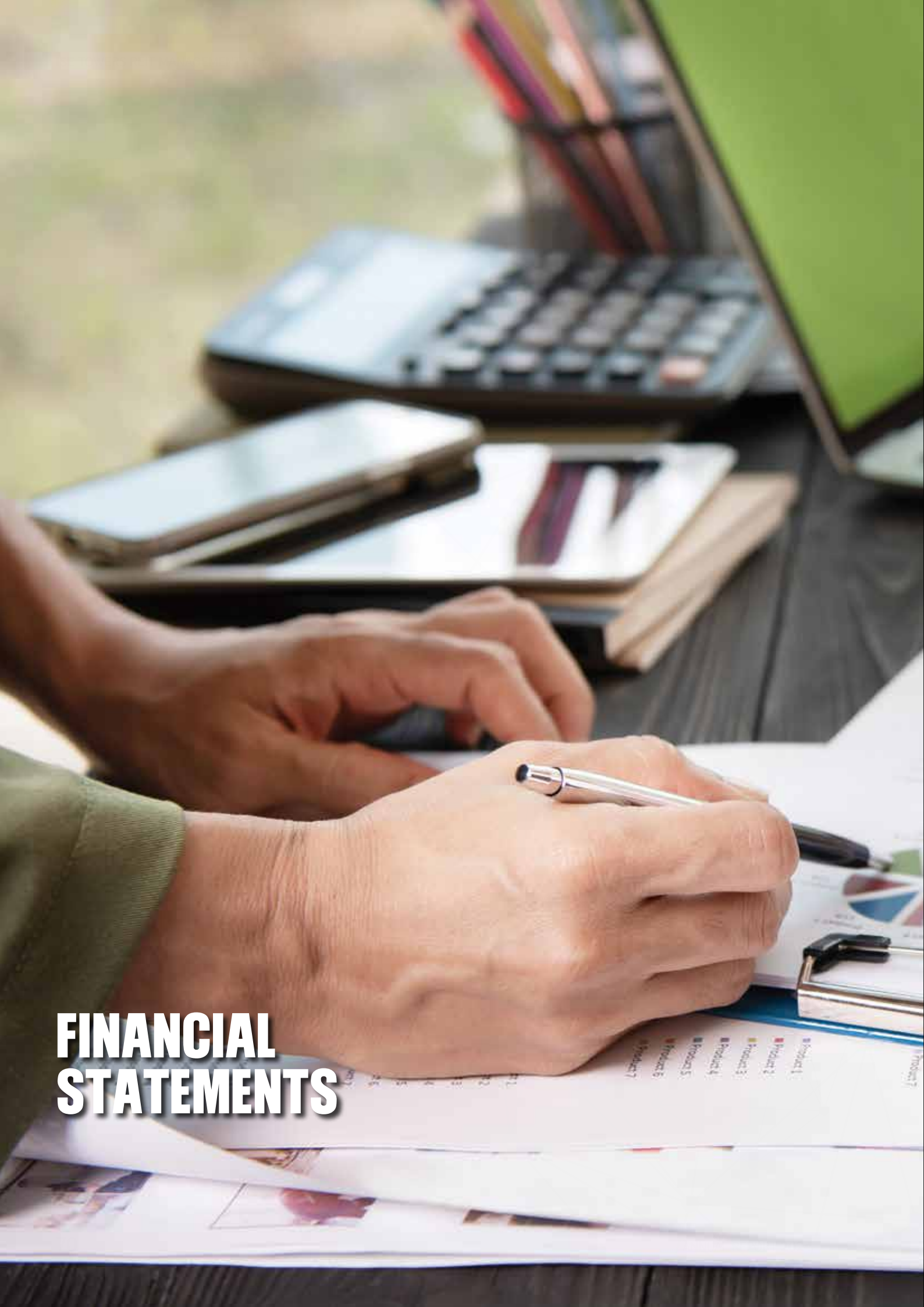


INDEPENDENCE DAY



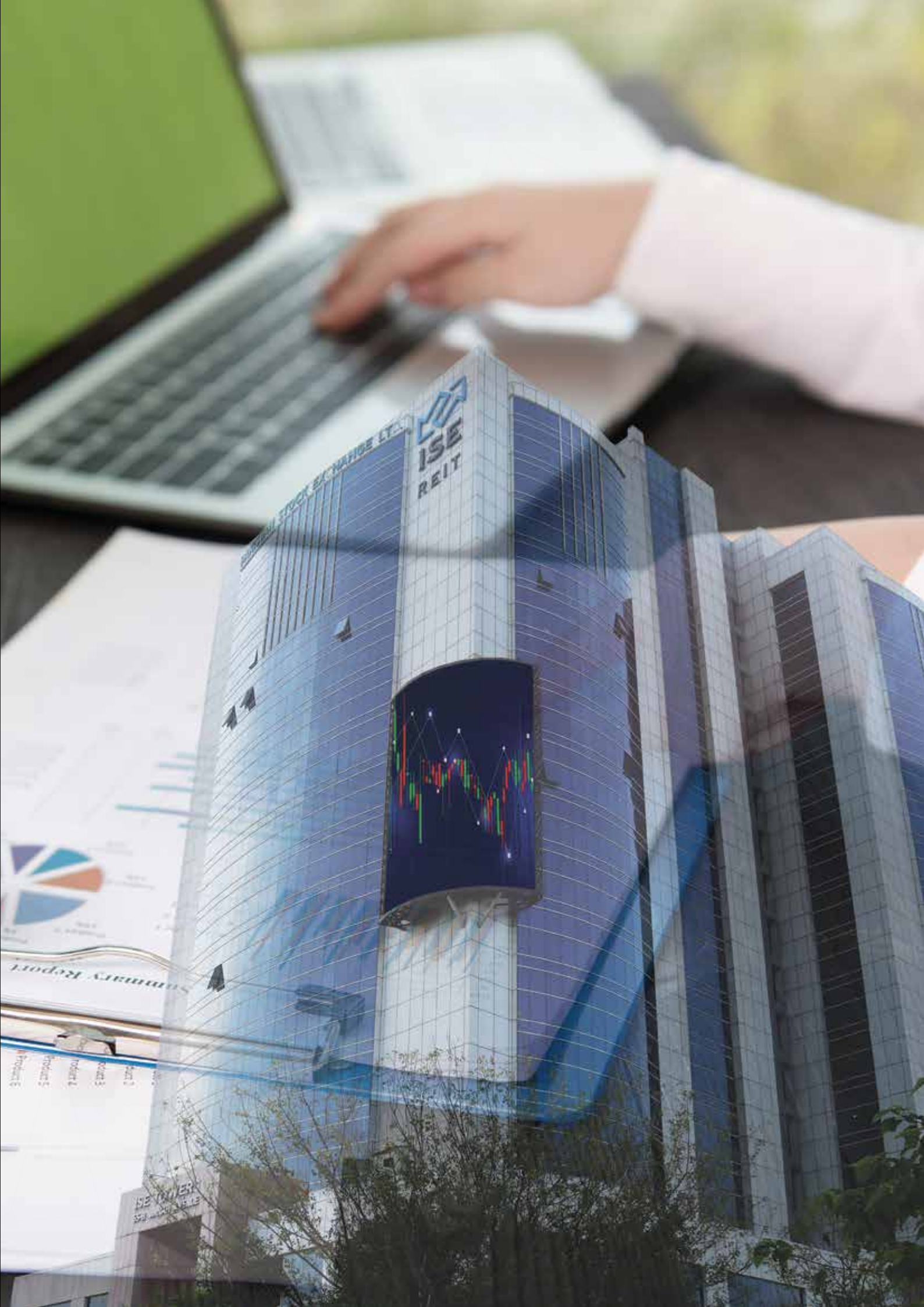






FINANCIAL STATEMENTS

- Product 1
- Product 2
- Product 3
- Product 4
- Product 5
- Product 6
- Product 7



GENERAL STOCK EXCHANGE LTD.
ISE
REIT



Summary Report

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

Report on the Audit of the Financial Statements

We have audited the annexed financial statements of ISE Towers REIT Management Company Limited (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of

Cost and management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement

of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited

in the Central Zakat Fund established under section 7 of that Ordinance.

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



CHARTERED ACCOUNTANTS

ISLAMABAD

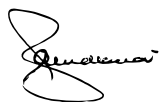
DATED: October 01, 2024

UDIN No. AR202410060V3mnYbMwC

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	2024	2023
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5 1,292,152	1,191,268
Intangible assets	6 1,896	1,962
Investment property	7 5,233,505	5,096,305
Long term investments	8 633,053	496,060
Long term advances and deposits	9 68,217	19,215
Deferred taxation	10 14,544	25,352
	<u>7,243,367</u>	<u>6,830,162</u>
CURRENT ASSETS		
Receivables	11 64,733	68,041
Advances and prepayments	12 7,317	7,139
Short term investments	13 693,538	841,747
Cash and bank balances	14 79,609	83,008
	<u>845,198</u>	<u>999,935</u>
TOTAL ASSETS	<u><u>8,088,565</u></u>	<u><u>7,830,097</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
700,000,000 (2023: 700,000,000) ordinary shares of Rs. 10 each	7,000,000	7,000,000
	<u>7,000,000</u>	<u>7,000,000</u>
Issued, subscribed and paid up capital	15 3,671,870	3,671,870
Surplus on revaluation of property and equipment	16 442,831	430,096
Reserves	17 205,755	270,822
Accumulated profits	3,419,627	3,161,203
	<u>7,740,083</u>	<u>7,533,991</u>
NON-CURRENT LIABILITIES		
Long term deposits	18 23,553	23,203
Deferred liabilities	19 32,509	25,783
	<u>56,062</u>	<u>48,986</u>
CURRENT LIABILITIES		
Accrued and other payables	20 73,220	62,452
Advances and deposits	21 155,225	148,962
Tax payable to government	22 31,663	10,403
Unclaimed dividend	23 32,312	25,303
	<u>292,420</u>	<u>247,120</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,088,565</u></u>	<u><u>7,830,097</u></u>
CONTINGENCIES AND COMMITMENTS		
	24	

The annexed notes from 1 to 44 form an integral part of these financial statements.



CHAIRMAN

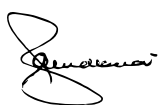


CHIEF EXECUTIVE

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 ----- (Rupees in '000') -----	2023 ----- (Rupees in '000') -----
Income			
Operating income	25	378,164	354,696
Operating expenses:			
Depreciation and amortization	26	(46,046)	(44,429)
Other administrative expenses	27	(50,507)	(46,135)
		(96,553)	(90,564)
Other income	28	235,834	186,795
Financial charges	29	(63)	(148)
Operating profit		517,382	450,779
Fair value gain on investment property	7	137,200	940,667
Fair value gain on investments classified at fair value through profit or loss		104	3,672
Share of profit from associated companies	8.1.1&8.1.2	127,194	65,579
Profit before taxes and final taxes		781,879	1,460,697
Final tax	30	(2,175)	(5,662)
Profit before taxation		779,705	1,455,036
Taxation	31	(133,731)	(122,128)
Profit for the year after taxation		645,974	1,332,908
Distributable profit		1.39	1.07
Undistributable - unrealized fair value gain		0.37	2.56
Earning per share - basic and diluted	32	1.76	3.63

The annexed notes from 1 to 44 form an integral part of these financial statements.



CHAIRMAN

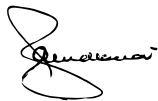


CHIEF EXECUTIVE

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 ----- (Rupees in '000') -----	2023 ----- (Rupees in '000') -----
Profit for the year after taxation		645,974	1,332,908
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
Revaluation surplus on property and equipment	5.1	26,951	28,301
Related deferred tax impact	10.3	(5,284)	(5,708)
		21,667	22,593
Share of other comprehensive loss of associates - net	8.1.7	(1,651)	(1,181)
Loss on remeasurement of defined benefit liability	19.2.6	(645)	(1,126)
		(2,296)	(2,307)
		19,371	20,286
Surplus on remeasurement of equity investment - FVOCI	8.2.1.1 & 8.2.2.1	29,106	7,871
Other comprehensive income for the year - net of tax		48,477	28,157
Total comprehensive income for the year		694,451	1,361,064

The annexed notes from 1 to 44 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE

ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Capital reserve			Revenue reserves			Total	
	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Fixed assets replacement reserve	Total capital reserves	Surplus on remeasurement of equity investments - FVTOCI	Accumulated profit		Total revenue reserves
	(Rupees in '000)							
Balance as at June 30, 2022	3,671,870	416,066	111,776	527,842	112,324	2,099,564	2,211,888	6,411,600
Total comprehensive income for the year 2023	-	-	-	-	-	1,332,907	1,332,907	1,332,907
Profit for the year after taxation	-	-	-	-	-	(1,126)	(1,126)	(1,126)
Derecognition of subsidiary on loss of control	-	-	-	-	-	-	-	-
Revaluation of property and equipment during the year	-	22,593	-	22,593	-	-	-	22,593
Transfer to accumulated profit on account of incremental depreciation (net of tax)	-	(8,563)	-	(8,563)	-	8,563	8,563	-
Share of other comprehensive loss of associates	-	-	-	-	-	(1,181)	(1,181)	(1,181)
Surplus on remeasurement of equity investment - FVTOCI	-	-	-	-	7,871	-	7,871	7,871
Fixed assets replacement reserve	-	-	-	-	-	-	-	-
Amount collected for fixed assets replacement reserve	-	-	50,954	50,954	-	(50,954)	(50,954)	-
Amount utilized from fixed assets replacement reserve	-	-	(12,103)	(12,103)	-	12,103	12,103	-
Transactions with owners	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2022 at Re. 0.65 per share	-	-	-	-	-	(238,673)	(238,673)	(238,673)
Balance as at June 30, 2023	3,671,870	430,096	150,627	580,723	120,195	3,161,203	3,281,398	7,533,991
Total comprehensive income for the year 2024	-	-	-	-	-	645,974	645,974	645,974
Profit for the year after taxation	-	-	-	-	-	(645)	(645)	(645)
Loss on remeasurement of defined benefit liability	-	-	-	-	-	-	-	-
Revaluation of property and equipment during the year (net of tax)	-	21,667	-	21,667	-	-	-	21,667
Transfer to accumulated profit on account of incremental depreciation (net of tax)	-	(8,932)	-	(8,932)	-	8,932	8,932	-
Share of other comprehensive income of associates	-	-	-	-	-	(1,651)	(1,651)	(1,651)
Surplus on remeasurement of equity investment - FVTOCI	-	-	-	-	29,106	-	29,106	29,106
Fixed assets replacement reserve	-	-	-	-	-	-	-	-
Amount collected for fixed assets replacement reserve	-	-	55,012	55,012	-	(55,012)	(55,012)	-
Amount utilized from fixed assets replacement reserve	-	-	(149,185)	(149,185)	-	149,185	149,185	-
Transactions with owners	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2023 at Re. 0.93 per share	-	-	-	-	-	(341,484)	(341,484)	(341,484)
Interim dividend for the period ended March 31, 2024 at Re. 0.40 per share	-	-	-	-	-	(146,875)	(146,875)	(146,875)
Balance as at June 30, 2024	3,671,870	442,831	56,454	499,285	149,301	3,419,627	3,568,928	7,740,083

Note

16 8.2.1.1 & 8.2.2.1

17

17.1

16

8.2.1.1 & 8.2.2.1

17.1

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The annexed notes from 1 to 44 form an integral part of these financial statements.



CHAIRMAN

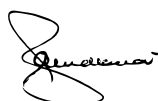


CHIEF EXECUTIVE

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
Note	----- (Rupees in '000') -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	781,879	1,460,697
Adjustment for non-cash charges and other items	33 (399,030)	(1,096,954)
	<u>382,849</u>	<u>363,743</u>
Working capital changes (Increase) / decrease in current assets		
Receivables	3,308	(27,981)
Advances, deposits, prepayments and other receivables including long term advances and deposits	(49,181)	361
	<u>(45,873)</u>	<u>(27,620)</u>
Increase / (decrease) in current liabilities		
Accrued and other payables	10,768	9,065
Advances and deposits	6,263	6,371
	<u>17,031</u>	<u>15,436</u>
Cash generated from operations	354,007	351,559
Payment for gratuity	19.2.3 (830)	-
Payment for compensated absences	19.3.2 (157)	-
Taxation	22 (109,122)	(97,025)
Net cash generated from operating activities	<u>243,898</u>	<u>254,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(119,914)	(51,413)
Investment encash/made during the year -net	148,209	(205,426)
Interest received	173,317	102,807
Dividend received from mutual funds	871	25,108
Dividend received from associated companies	31,283	35,373
Net cash generated from/(used in) investing activities	<u>233,766</u>	<u>(93,551)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposits	350	1,295
Dividend paid	(481,349)	(233,480)
Financial charges paid	(63)	(149)
Net cash used in financing activities	<u>(481,063)</u>	<u>(232,334)</u>
Net decrease in cash and cash equivalents	(3,399)	(71,351)
Cash and cash equivalents at beginning of the year	83,008	154,359
Cash and cash equivalents at end of the year	14 <u><u>79,609</u></u>	<u><u>83,008</u></u>

The annexed notes from 1 to 44 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE

**ISE TOWERS REIT MANAGEMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. CORPORATE AND GENERAL INFORMATION

1.1 STATUS AND NATURE OF OPERATION

- 1.1.1 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.
- 1.1.2 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).
- 1.1.3 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.
- 1.1.4 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. On May 18, 2023, the company has registered the Trust for its first rental REIT scheme "ISE Towers REIT scheme". Moreover, the SECP has also granted its consent for registration of the ISE Towers REIT scheme on August 10, 2024.
- 1.1.5 The principal activities of the Company is to form, launch and manage Real Estate Investment Trust (REITs) under REIT Regulations, 2022.

The geographical location and address of the Company's business unit is as under:

- The registered office of the Company is situated in 55-B, ISE Towers, Jinnah Avenue, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 ; and The Real Estate Investment Regulations 2022.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property, investment in associates and equity investments at fair value and employee benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest of thousand Rupees.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by the management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Staff retirement benefits - gratuity and compensated absences

Gratuity and compensated absences are provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principle ones are being in respect of increase in remuneration, mortality rate and the discount rate used to discount future cash flows to present values. Calculations are sensitive to changes in these underlying assumptions.

2.4.2 Property and equipment

The estimates for revalued amounts, if any, of different classes of property and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

2.4.3 Investment property

The estimates for revalued amounts, if any, of different classes of property and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

2.4.4 Intangible asset

The estimate for intangible includes estimate with respect to residual value and useful life. Any change in these estimates in future years might affect the carrying amounts of the respective items of intangible assets with corresponding effect on the amortization charge and impairment loss.

2.4.5 Provision for ECL

Receivables are assessed on a regular basis and if there is any doubt about recoverability of these receivables, provision for doubtful debts is made as per Company policy.

2.4.6 Taxation

The Company estimates current tax provision and deferred tax by taking into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on the items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.7 Impairment

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists the recoverable amount of assets is estimated. Impairment is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to statement of profit or loss.

2.4.8 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.5 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors". The change in accounting policy, however, have changed the disclosures of levy / taxes only and have no impact on the financial statements footings, profit after tax, earning per share basic and diluted etc.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 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 impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 **New accounting standards, amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property and equipment

Owned assets

4.1.1 Operating fixed assets

Operating fixed assets are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequently, the leasehold land and building on leasehold land are stated at revalued amounts less accumulated amortization/depreciation and impairment losses, and all other assets as mentioned in note 6.1 to the financial statements are stated at cost less accumulated depreciation and impairment losses if any. Revalued amounts are fair market values or depreciated replacement cost (as the case may be) based on appraisals prepared by external professional valuer. Any surplus arising upon revaluation of assets is credited to the "Surplus on revaluation of property and equipment".

Any revaluation increase arising on the revaluation of land and building is recognized in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property and equipment relating to a previous revaluation of that asset. The surplus on revaluation of land and building to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated profit.

Depreciation is charged to income on straight line method so as to write off the depreciable amount of the operating fixed assets over their estimated useful lives as disclosed in note 5.1, while leasehold land is amortized over the lease period extendable up to 99 years. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the month preceding the month of disposal. Incremental depreciation arising out of surplus on revaluation of property and equipment is transferred to accumulated profit through statement of changes in equity.

Minor renewals/replacements/repairs and maintenance cost are charged to income as and when incurred. Major renewals and replacements are capitalized.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of operating fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in statement of profit or loss.

4.1.2 Capital work in progress

Capital work in progress is stated at cost less impairment losses (if any). It consist of expenditure incurred, and other costs directly attributable to operating fixed assets in the course of their construction and installation. All expenditure including borrowing cost connected with specific assets incurred during the construction and installation period are carried under capital work in progress. Items are transferred to operating fixed assets as and when they are available for use.

4.2 Intangible assets

Costs that are associated with identifiable software and economic benefits are probable for more than one year therefrom, are recognized as intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment if any, except assets that are not available for its intended use, which are stated at cost. Amortization is charged using the straight-line method at rates given in relevant note to write off the historical cost of assets over their estimated useful life. Amortization on additions is commenced from the month the asset is available for use up to the month preceding the month of disposal.

4.3 Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in statement of profit or loss.

Cost of investment property includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Minor renewals/replacements/repairs and maintenance costs are charged to income as and when incurred. Major renewals and replacements are capitalized.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of profit or loss.

4.4 Long term investments

4.4.1 Investment in associates

Associates are those entities in which the Company has significant influence by having common directorship or equity stake of 20% or more but do not have control over the financial and operating policies. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associates. Changes resulting from the profit or loss generated by the associate are reported within 'Share of profit/loss from associated companies' in statement of profit or loss.

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Company, as applicable.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

4.4.2 Equity instruments - FVOCI

These investments are intended to be held for any indefinite period of time but may be sold in response to the need for liquidity or changes in fair value. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains and losses from changes in fair values are taken to the statement of comprehensive income. At the time of disposal fair value reserves directly transfer to accumulated profit

4.5 Receivables

Account receivables are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

4.6 Other receivables

Other receivables are recognized at fair value of the consideration to be received in future.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current and saving accounts, bank overdrafts/short term borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.9 Share capital

Share capital represents the nominal value of shares that have been issued.

4.10 Earnings per share

The Company presents earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

4.11 Dividend and apportioning to reserves

Interim dividends distributions are recognized in the period in which the dividends are declared by the Board of Directors, while final dividend distributions are recognized as liability in the financial statements in the period in which the dividend are approved by the Company's shareholders at the Annual General Meeting. Appropriation to reserves are recognized in the financial statements in the period in which these are paid.

4.12 Apportioning to reserve

The Company operates a fixed assets replacement reserve to ensure that sufficient funds remain available for replacement / purchase of fixed assets of common use, or any part thereof, relating to ISE Towers as per policy approved by the Board of Directors. The contribution to the fund is recoverable at a rate fixed by the Board from all the concerned stakeholders and is to be utilized exclusively for this purpose. The Company also set aside/contribute equivalent amount to this reserve from its accumulated profit.

4.13 Employee benefits

4.13.1 Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences. The liability is provided on the basis of actuarial valuation using Projected Unit Credit (PUC) Actuarial Method while movement in the liability is included in the statement of comprehensive income. The Company has a policy of carrying out actuarial valuations annually with the assistance of independent actuarial appraisers. The latest actuarial valuation was carried out on June 30, 2024.

The amount recognized in the statement of financial position represents the present value of Defined Benefits Obligation (DBO). Actuarial gains and losses are recognized immediately in the statement of comprehensive income.

4.13.2 Staff retirement benefits

Defined benefit plan - Gratuity

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The liability is provided on the basis of actuarial valuation using Projected Unit Credit (PUC) Actuarial Method while movement in the liability is included in the statement of comprehensive income. The Company has a policy of carrying out actuarial valuations annually with the assistance of independent actuarial appraisers. The latest actuarial valuation was carried out on June 30, 2024.

Actuarial gains and losses are recognized as income or expense in the other comprehensive income. The Company recognizes expense in accordance with IAS 19 "Employee Benefits". Past service cost is recognized immediately to the extent the benefits are already vested.

The amount recognized in statement of financial position represents the present value of the defined benefit obligation adjusted for the actuarial gains and losses.

4.14 Payables and other liabilities

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

4.15 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Company's activities.

Revenue is recognized at point when it is probable that the economic benefits associated with the transactions will flow to the Company. The Company performs its performance obligation and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Rental income

Rental income from Company's investment property is recognized on a straight-line basis over the term of the rent agreement.

4.16 Other income

- a) Income from bank deposits and held to maturity investments are recognized on a time proportion basis.
- b) Any other income is recognized on accrual basis.

4.17 Taxation

The tax expense comprises current and deferred tax. Tax is recognized in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

a) Current taxation

Provision for current taxation is higher of taxable income or accounting income at the current rates of taxation after taking into account tax credits and tax rebates, if any, of the Company. The charge for the current year tax also includes prior year adjustments arising due to assessments framed during the year including tax withheld on dividend received from associate or subsidiaries.

b) Deferred taxation

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are recognized for all taxable temporary differences in full and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities.

c) Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

4.18 Foreign currency transactions

Transactions in foreign currencies are converted into Pak rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate prevailing on the statement of financial position date. All exchange differences resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities are included in the statement of profit or loss.

4.19 Provisions

Provisions for legal disputes, onerous contracts or other claims are recognized in statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

4.20 Financial instruments

4.20.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Amortized Cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity Investments at FVOCI

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognized as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL

These assets are initially recognized at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Receivables and deposits

Receivables include accounts receivables, deposits and other receivables. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Receivables are assessed on regular basis for impairment and if there is any doubt about the recoverability of these receivables, appropriate amount of provision is made.

4.20.2 Financial liabilities

Financial liabilities are measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Subsequent to initial recognition borrowings are measured at amortized cost using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up on borrowings to the extent of the amount remain unpaid.

Accrued and other payables

Accrued and other payables include accrued liabilities, accrued mark-up and deposits. Subsequent to initial recognition, accrued and other payables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

4.21 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

		2024	2023
	Note	----- (Rupees in '000) -----	
5. PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	1,155,541	1,159,717
Capital work in progress	5.2	136,611	31,551
		<u>1,292,152</u>	<u>1,191,268</u>

5.1 OPERATING FIXED ASSETS

Description	Leasehold land	Building on leasehold land	Electrical equipment	HVAC equipment	Plumbing installations	Elevators	Security equipment	IT equipment	Security systems	Furniture and fixture	Office equipment	Vehicles	Computers & accessories	Total
Net carrying value basis year ended June 30, 2024														
Opening net book value (NBV)	663,602	376,180	12,197	4,125	-	82,511	10,831	332	570	3,485	2,124	3,429	329	1,159,716
Additions (at cost)	-	-	7,231	-	1,036	-	969	1,317	123	9	556	-	253	11,493
Transfers from CWIP	-	-	1,401	-	1,553	-	261	-	-	75	-	-	-	3,290
Revaluation adjustment for the year	8,732	18,219	-	-	-	-	-	-	-	-	-	-	-	26,951
Depreciation charge	(8,732)	(14,194)	(1,887)	(1,034)	(108)	(13,042)	(3,459)	(301)	(412)	(690)	(360)	(1,446)	(247)	(45,910)
Net book value	663,602	380,206	18,943	3,091	2,481	69,469	8,602	1,348	281	2,879	2,320	1,983	334	1,155,541
Gross carrying value basis year ended June 30, 2024														
Cost / Revalued amount	663,602	376,180	88,733	158,057	8,110	130,464	24,418	13,687	7,740	9,052	4,899	7,281	4,318	1,496,543
Revaluation adjustment for the year	8,732	-	-	-	-	-	-	-	-	-	-	-	-	26,951
Accumulated depreciation	(8,732)	(14,194)	(69,790)	(154,966)	(5,629)	(60,995)	(15,816)	(12,339)	(7,459)	(6,173)	(2,579)	(5,298)	(3,984)	(367,953)
Net book value	663,602	380,206	18,943	3,091	2,481	69,469	8,602	1,348	281	2,879	2,320	1,983	334	1,155,541
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	59	1,441	2,507	1,645	4,885	202	1,158,804
Additions (at cost)	-	-	2,478	274,00	-	-	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	663,602	376,180	12,197	4,125	-	82,511	10,831	332	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	12,370	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	663,602	376,180	12,197	4,125	-	82,511	10,831	332	570	3,485	2,124	3,429	329	1,159,717
Depreciation Rates	99 years	2.5%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%	

5.1.1 Lease hold land of the Company is located at Plot no. 55-B (old # 3035), Jinnah Avenue, Blue area, Islamabad, Pakistan with an area of 1659 sq. yds.

5.1.2 Building is located on leasehold land with covered area of 48,117 sq. fts.

5.1.3 Depreciation charge for the year amounting to Rs. 45,910 million includes incremental depreciation on revaluation surplus amounting to Rs. 10,877 million (2023: Rs. 10,381 million).

5.1.4 The cost of fully depreciated assets which are still in use as at June 30, 2024 amounts to Rs. 551.52 million (2023: Rs. 543 million).

5.1.5 The Company has revalued its lease hold land and buildings on June 30, 2024 by independent valuer M/s Asif Associates (Private) Limited on the basis of market value. At the above date, the revaluation resulted in a surplus of Rs. 26.951 million. Valuations for leasehold land and building on leasehold land were based on fair market value.

Name of independent valuer	Date of revaluation	Revaluation surplus Rupees in '000
M/S Asif Associates (Private) Limited	30-Jun-24	26,951
	30-Jun-23	28,301
	30-Jun-22	70,654

5.1.6 The forced sale value of the revalued lease hold land and building has been assessed at Rs. 564.060 million and Rs. 323.174 million respectively, as on June 30, 2024.

5.1.7 Had there been no revaluation the carrying values would have been as under:

Description	2024		2023	
	Cost	Book value	Cost	Book value
----- (Rupees in '000) -----				
Leasehold land	309,808	253,312	309,808	256,441
Building on leasehold land	373,025	257,051	373,025	266,377
	<u>682,833</u>	<u>510,362</u>	<u>682,832</u>	<u>522,817</u>

5.2 Capital work in progress

Description	Balance as on July 01, 2023	Additions	Transfers to property and equipment	Balance as on June 30, 2024
----- (Rupees in '000) -----				
Electrical equipment	-	1,401	1,401	-
Life Safety System	31,551	105,060	-	136,611
Plumbing & Installation	-	1,553	1,553	-
Security equipment	-	261	261	-
Office renovation	-	75	75	-
	<u>31,551</u>	<u>108,350</u>	<u>3,290</u>	<u>136,611</u>

Note **2024** **2023**
----- (Rupees in '000) -----

6. INTANGIBLE ASSETS

Computer software - in use	6.1	58	124
Capital work in progress - computer software		1,838	1,838
		<u>1,896</u>	<u>1,962</u>

6.1 The movement in this head is as follows:

Opening balance	124	424
Addition	70	-
Amortization	(136)	(300)
Closing balance	<u>58</u>	<u>124</u>

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
7. INVESTMENT PROPERTY			
At fair value:			
Buildings	7.1	<u>5,233,505</u>	<u>5,096,305</u>
7.1 The movement in this head is as follows:			
Opening balance		5,096,305	4,155,638
Fair value gain on revaluation shown in statement of profit or loss		<u>137,200</u>	<u>940,667</u>
		<u>5,233,505</u>	<u>5,096,305</u>
7.2 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, 2024. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition. There has been no change in valuation technique during the year. In estimating the fair value of property, the highest and best use of properties in their current use has been considered.			
7.3 Forced sale value of the investment property is assessed at Rs. 4,448.479 million on June 30, 2024.			
7.4 There are no non-cancellable operating leases of the Company as at June 30, 2024.			
7.5 The change in fair value of investment property is presented in the statement of profit or loss. The rental income in respect of this property amounting to Rs. 378.164 million has been recognized in the statement of profit or loss as operating income as disclosed in note 25. The Company's proportionate operating expenses pertaining to this property are recognized in the statement of profit or loss.			
7.6 Investment property is located on leasehold land with covered area of 240,076 sq. ft.			
	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
8. LONG TERM INVESTMENTS			
Under equity method	8.1	431,833	323,946
Equity investments - FVOCI	8.2	<u>201,220</u>	<u>172,114</u>
		<u>633,053</u>	<u>496,060</u>
8.1 Under equity method			
Associated companies - unquoted			
National Clearing Company of Pakistan Limited	8.1.1	309,073	252,476
Pakistan Mercantile Exchange Limited	8.1.2	109,460	57,621
Digital Custodian Company Limited	8.1.3	13,300	13,848
		<u>431,833</u>	<u>323,946</u>
8.1.1 National Clearing Company of Pakistan Limited (NCCPL)			
Investment - at cost		82,208	82,208
Share in post acquisition profits brought forward		170,268	166,285
Share in profits for the year		75,914	28,213
Prior year adjustment		(11)	-
Share in other comprehensive loss for the year		(1,651)	(1,496)
Dividend received during the year		(17,655)	(22,734)
		<u>56,597</u>	<u>3,983</u>
		<u>226,865</u>	<u>170,268</u>
		<u>309,073</u>	<u>252,476</u>

Note	2024	2023
	----- (Rupees in '000) -----	
8.1.2 Pakistan Mercantile Exchange Limited (PMEX)		
Investment - at cost	61,886	61,886
Share in post acquisition losses brought forward	(4,265)	(39,690)
Prior year adjustment	3	-
Share in profits for the year	51,835	35,425
	51,838	35,425
	47,573	(4,265)
	109,460	57,621
8.1.3 Digital Custodian Company Limited (DCCL)		
Investment - at cost	9,969	9,969
Post acquisition profits	3,879	1,624
Prior year adjustment	(1,316)	-
Share in profits for the year	768	1,941
Share in OCI for the year	-	315
	(548)	2,256
	3,331	3,879
	13,300	13,848

8.1.4 The balances of long term investments in DCCL has been presented based on management accounts for the year ended June 30, 2024.

8.1.5 The Company has the following shareholding structure in associates:

	2024		2023	
	Share held	% age	Share held	% age
NCCPL	11,865,236	11.76%	11,865,236	11.76%
PMEX	5,568,677	17.76%	5,568,677	17.76%
DCCL	4,704,480	9.00%	4,704,480	9.00%

8.1.6 In all above cases, the Company has significant influence due to its representation on the board of the directors of investees and consequently, they have been treated as associates according to the requirements of IAS 28 'Investments in Associates'. The shares of these associates are not listed on stock exchanges and hence published price quotes are not available. The principal place of NCCPL, PMEX and DCCL is Karachi, Sindh.

8.1.7 Summary of financial information of associates based on their accounts as at year end is as follows:

National Clearing Company of Pakistan	2024	2023
	----- (Rupees in '000) -----	
Summarized Statements of Financial Position		
Non Current Assets	890,043	565,671
Current Assets	26,639,232	16,368,105
Share Capital	1,008,545	1,008,545
Reserves	1,618,627	1,137,461
Non Current Liabilities	50,650	42,720
Current Liabilities	24,851,453	14,745,050
Summarized Statements of Profit & Loss		
Revenue	2,207,048	1,220,540
Profit for the year	645,270	239,807
Other Comprehensive (Loss)	(14,033)	(12,716)
Total Comprehensive income	631,237	227,091

		2024	2023
		----- (Rupees in '000) -----	
Pakistan Mercantile Exchange Limited			
Summarized Statements of Financial Position			
		37,771	54,964
	Non Current Assets		
	Current Assets	6,559,256	4,716,115
	Share Capital	313,551	313,551
	Reserves	284,204	(7,685)
	Non Current Liabilities	164,087	178,144
	Current Liabilities	5,835,184	4,287,069
Summarized Statements of Profit & Loss			
	Revenue	866,372	676,902
	Profit for the year	291,890	199,485
	Total Comprehensive income	291,890	199,485
Digital Custodian Company Limited			
Summarized Statements of Financial Position			
	Non Current Assets	527,061	471,234
	Current Assets	36,284	91,417
	Share Capital	522,667	522,667
	Reserves	8,399	(133)
	Non Current Liabilities	14,546	11,910
	Current Liabilities	17,733	28,207
Summarized Statements of Profit & Loss			
	Revenue	119,744	98,143
	Profit for the year	8,533	5,357
	Other Comprehensive Income	-	1,579
	Total Comprehensive income	8,533	6,937
8.1.8	Share of other comprehensive loss of associates - net		
	Share in OCI for the year - DCCL	-	315
	Share in other comprehensive loss for the year - NCCPL	(1,651)	(1,496)
		<u>(1,651)</u>	<u>(1,181)</u>
8.2	Equity investments - FVTOCI		
	Central Depository Company of Pakistan Limited	8.2.1 190,483	161,941
	VIS Credit Rating Company Limited (VIS)	8.2.2 10,737	10,173
		<u>201,220</u>	<u>172,114</u>
8.2.1	Central Depository Company of Pakistan Limited		
	Investment - at cost	47,163	47,163
	Fair value adjustment	8.2.1.1 143,320	114,778
		<u>190,483</u>	<u>161,941</u>
8.2.1.1	Fair value adjustment		
	Opening	114,778	107,691
	For the year transferred to other comprehensive	28,542	7,087
	Closing	<u>143,320</u>	<u>114,778</u>
8.2.1.2	This represents investment in 8.750 million (2023: 8.750 million) ordinary shares of Central Depository Company of Pakistan Limited. The fair value of these securities are determined as per adjusted net asset method valuation as these securities are neither listed nor market prices are available. Gain on remeasurement of equity investment - FVOCI has been recognized directly in equity through other comprehensive income.		

	2024	2023
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited		
Summarized Statements of Financial Position		
Non Current Assets	2,347,822	2,105,098
Current Assets	6,769,822	5,820,228
Share Capital	3,500,000	3,500,000
Reserves	4,119,309	3,091,833
Non Current Liabilities	420,386	424,905
Current Liabilities	1,077,949	908,588
Summarized Statements of Profit & Loss		
Revenue	3,131,347	2,473,563
Profit for the year	1,559,056	849,400
Other Comprehensive (Loss)	(12,075)	(53,079)
Total Comprehensive income	1,546,980	796,321

	2024		2023	
	Share held	% age	Share held	% age
CDC	8,750,000	2.5%	8,750,000	2.5%

8.2.2 VIS Credit Rating Company Limited

	Note	2024	2023
		----- (Rupees in '000) -----	
Investment - at cost		4,756	4,756
Fair value adjustment	8.2.2.1	5,981	5,417
		<u>10,737</u>	<u>10,173</u>

8.2.2.1 Fair value adjustment

Opening	5,417	4,633
For the year transferred to other comprehensive income	564	784
Closing	<u>5,981</u>	<u>5,417</u>

VIS Credit Rating Agency**Summarized Statements of Financial Position**

Non Current Assets	126,772	101,845
Current Assets	175,134	191,163
Share Capital	20,000	20,000
Reserves	194,748	176,917
Current Liabilities	87,158	96,091

Summarized Statements of Profit & Loss

Revenue	205,506	190,119
Profit for the year	28,887	21,850
Other Comprehensive Income	1,744	270
Total Comprehensive income	30,631	22,121

	2024		2023	
	Share held	% age	Share held	% age
VIS	100,000	5.0%	100,000	5.0%

9. LONG TERM ADVANCES AND DEPOSITS

	Note	2024	2023
		----- (Rupees in '000) -----	
Advances to staff		-	128
Advances to contractor	9.1	53,438	4,309
Deposits with:			
Islamabad Electric Supply Company Limited		11,878	11,878
Sui Northern Gas Pipelines Limited		2,650	2,650
Others	9.2	251	250
		<u>68,217</u>	<u>19,215</u>

- 9.1 This represents advances to contractors against ongoing fire and safety projects as per contractual terms. The advances shall be capitalized upon execution of corresponding work in progress.
- 9.2 These deposits are against acquisition of non-financial services having undefined time period. These are carried at cost as impact of amortization is not material in respect of these financial statements.

		2024	2023
	Note	----- (Rupees in '000) -----	-----
10. DEFERRED TAXATION			
Deferred tax asset		14,544	25,352
Deferred tax asset	10.1	113,222	213,961
Deferred tax asset not recognized based upon future profits		(98,678)	(188,609)
Deferred tax asset recognized		14,544	25,352

- 10.1 Deferred tax asset is in respect of the following temporary differences:

Taxable temporary differences

Accelerated depreciation allowance	66,242	36,461
Long term investments	53,384	36,260
Surplus on revaluation of property and equipment	56,516	53,177
	176,142	125,898

Deductible temporary differences

Provision for compensated absences	(1,925)	(1,607)
Carry forward of accumulated tax	(287,439)	(338,251)
	(289,363)	(339,859)
	(113,222)	(213,961)

- 10.2 The Company is in process to launch its first Rental scheme which will impact the revenue pattern of the company. Therefore, net deferred tax asset as been recognized on the basis of next year profitability. Deferred tax asset amounting to Rs. 98.660 million (2023: Rs.188.609 million) has not been recognized as management believes that deferred tax asset carried in financial statements is based on expectation of utilization of carry forward losses and future projections of profit. No deferred tax asset has been recognized on gratuity as the company is claiming it as tax expense.

10.3 Movement in deferred taxation recognized

The balance of deferred tax is in respect of the following temporary differences:

		2024	2023
	Note	----- (Rupees in '000) -----	-----
Opening balance		25,352	49,829
Recognized in profit & loss		(5,524)	(18,769)
Recognized in other comprehensive income		(5,284)	(5,708)
		14,544	25,352

11. RECEIVABLES

Rent Receivable		124	115
Receivable from building occupants- secured	11.1	45,762	47,864
Receivable from REIT scheme	11.2	18,107	15,572
Due from sub lessee	11.3	500	500
Others		240	3,990
		64,733	68,041
Considered doubtful based on expected credit loss		738	1,255
		65,471	69,296
Allowance for ECL	11.4	(738)	(1,255)
		64,733	68,041

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

11.2 This represents the incidental expenses of the REIT scheme including against registration of REIT scheme and other due processes.

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

11.4 Movement in Allowance for ECL:	Note	2024 ----- (Rupees in '000) -----	2023 -----
Balance at the beginning of the year		1,255	1,255
Provision reversed during the year		(517)	-
Balance at the end of the year		<u>738</u>	<u>1,255</u>

12. ADVANCES AND PREPAYMENTS

Advances	12.1	7,131	6,608
Prepayments		186	531
		<u>7,317</u>	<u>7,139</u>

12.1 Advances

Unsecured - considered good

Advances to:

Staff	12.1.1	604	2,720
Contractors	12.1.2	6,527	3,888
		<u>7,131</u>	<u>6,608</u>
Considered doubtful based on expected credit loss (ECL)		225	225
		<u>7,356</u>	<u>6,833</u>
Allowance for ECL		(225)	(225)
		<u>7,131</u>	<u>6,608</u>

12.1.1 Advances to employees are given for the purpose of meeting personal expenses. These advances are interest free and recoverable in eighteen equal monthly instalments. These advances are secured by way of amount due to employees against their gratuity fund balances.

12.1.2 This represents advances given to various parties which mainly include amount of Rs. 2.850 million related to payment made to Ms./ Voltaic Power Automation for purchase of lightning arresters & Rs. 1.735 million to Ms. / Mistiqube Engineering for purchase of sounder with flasher and MCP notifier.

13. SHORT TERM INVESTMENTS

13	Note	2024 ----- (Rupees in '000) -----	2023 -----
Investment held at amortized cost			
Treasury bills	13.1	693,538	757,579
Term deposit certificate(TDR)	13.2	-	37,608
Investment held at FVTPL			
Investment in Mutual funds	13.3	-	46,560
		<u>693,538</u>	<u>841,747</u>

13.1 Treasury bills

Treasury bills	13.1.1	658,847	734,544
Accrued interest		34,692	23,035
		<u>693,538</u>	<u>757,579</u>

13.1.1 The investment in treasury bills (T-Bills) having maturity from Nov 28, 2024 to June 26, 2025 and carries yield rate ranging from 18.49% to 21.26% (2023 : 20.9% to 21.9%) per annum.

13.2 The investment in term deposit certificates (TDRs) matured during the year and carries yield rate of

20% per annum.

- 13.3 The investment in open ended mutual funds redeemed during the year, are measured at fair value through profit or loss (FVTPL).

14 CASH AND BANK BALANCES	Note	2024	2023
		----- (Rupees in '000) -----	-----
Cash at banks			
Saving accounts			
- Local currency	14.1, 14.2 & 14.3	79,585	82,980
Cash in hand		24	28
		<u>79,609</u>	<u>83,008</u>

- 14.1 Balances in saving accounts carry interest rate of 20.5% (2023: 19.5%) per annum.
- 14.2 This includes Rs. 0.970 million (2023: Rs. 0.970 million) against outstanding balances of "deposits from members against exposure and clearing house deposit" and Rs. 17.128 million (2023: Rs. 11.573million) against security deposits and retention money maintained in a separate bank account. (Note 21).
- 14.3 This includes a sum of Rs. 32.312 million reserved for dividend payable (Note 23) maintained in a separate bank account.

15 SHARE CAPITAL

15.1 Issued, subscribed and paid up capital:

Number of ordinary shares of Rs.10/- each

2024	2023	2024	2023
		----- (Rupees in '000) -----	-----
<u>367,186,963</u>	<u>367,186,963</u>	<u>3,671,870</u>	<u>3,671,870</u>
	Ordinary shares issued for consideration other than cash		

- 15.2 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 (the Act), initial paid up share capital of the Company was issued to initial shareholders of the Company for consideration other than cash as per clause 4(d) of the Act based on the net asset value determined through revaluation of assets and liabilities of the Company standing on March 31, 2012. The net assets value determined was at Rs. 3,671.870 million. For the purpose of corporatization pursuant to the Act, the surplus on revaluation of assets was included in the calculation of the paid up capital as per provisions of the Act.

Consequent upon the change of name of the company as provided in note 1.1 of these financial statements, the shareholding structure also stands transformed. As such the shareholders of Islamabad Stock Exchange have now become the shareholders of ISE Towers REIT Management Company Limited.

- 15.3 All ordinary shares rank equally in all respect with regard to the company's residual assets, entitled to dividend voting rights and block voting etc.

16 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX	2024	2023
	----- (Rupees in '000) -----	-----
Balance brought forward	483,275	465,356

		----- (Rupees in '000) -----	
Revaluation of property and equipment during the year	16.1	26,951	28,301
Less:			
- Transferred to equity in respect of incremental depreciation charged during the year-net of deferred tax		(8,932)	(8,563)
- Related deferred tax liability during the year transferred to statement of profit or loss	10.3	(1,945)	(1,819)
		(10,877)	(10,382)
		499,349	483,275
Less: Related deferred tax effect:			
Balance as at July 01		53,179	49,290
- On revaluation during the year	10.3	5,284	5,708
- Incremental depreciation charged during the year transferred to statement of profit or loss	10.3	(1,945)	(1,819)
		(56,518)	(53,179)
		442,831	430,096

16.1 This represents surplus resulting from revaluation of operating fixed assets determined by approved independent valuer M/s Asif Associates (Private) Limited on June 30, 2024. Please refer to note 5.1.5 of these financials statements for more details in this respect.

16.2 The surplus on revaluation of property equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

		2024	2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
17. RESERVES			
Fixed assets replacement - capital reserve	17.1	56,454	150,627
Surplus on remeasurement of equity investments- FVTOCI - revenue reserve		<u>149,301</u>	<u>120,195</u>
		<u><u>205,755</u></u>	<u><u>270,822</u></u>
17.1 Fixed assets replacement reserve			
Opening		150,627	111,776
Contribution for the year		55,012	50,954
Utilized during the year		<u>(149,185)</u>	<u>(12,103)</u>
Closing		<u><u>56,454</u></u>	<u><u>150,627</u></u>
17.1.1	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 profit.		
18. LONG TERM DEPOSITS			
	Note	2024	2023
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Security deposits	18.1	<u>23,553</u>	<u>23,203</u>
		<u><u>23,553</u></u>	<u><u>23,203</u></u>
18.1	This represents deposits received from tenants of ISE Towers that are refundable on expiry or termination of lease agreements. The deposits are not usable for business purpose, hence maintained in separate bank account. These are carried at nominal value as impact of amortization of these is not material in respect of these financial statements.		
19. DEFERRED LIABILITIES			
	Note	2024	2023
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Staff retirement benefits - gratuity	19.2	25,871	20,240
Compensated absences	19.3	<u>6,637</u>	<u>5,543</u>
		<u><u>32,509</u></u>	<u><u>25,783</u></u>
19.1 General description	The scheme provides for terminal benefits for all its permanent/contractual employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2024 using the Projected Unit Credit Method.		
19.1.1 Risks associated with the scheme	The Company faces the following risks on account of gratuity:		
	(a) Final salary risk		
	The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.		
	(b) Demographic Risks		
	Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.		

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Discount rate - The plan liabilities are calculated using a discount rate set with reference to government bond yields. The term of the assumed yield of the government bond is consistent with the estimated term of the post-employment benefit obligations. This is in compliance with Pakistan Society of Actuaries Guidance Note 4 and the subsequent notes on discount rate assumptions issued by the Pakistan Society of Actuaries.

	Note	2024 ----- (Rupees in '000) -----	2023			
19.2 Staff retirement benefits - gratuity						
19.2.1 Liability recognized in the statement of financial position						
Present value of defined benefit obligation	19.2.4	<u>25,871</u>	<u>20,240</u>			
19.2.2 Reconciliation of balance due to defined benefit plan						
Present value of defined benefit obligation	19.2.4	<u>25,871</u>	<u>20,241</u>			
Closing net liability		<u>25,871</u>	<u>20,241</u>			
19.2.3 Movement of the liability recognized in the statement of financial position						
Opening net liability		20,240	15,073			
Charge for the year	19.2.5	5,786	4,071			
Benefits due but not paid during the year		-	(30)			
Adjustment made against opening payable		30	-			
Actuarial loss recognized in other comprehensive income	19.2.6	645	1,126			
Benefits paid during the year		<u>(830)</u>	<u>-</u>			
Closing net liability		<u>25,871</u>	<u>20,240</u>			
19.2.4 Movement in present value of defined benefit obligations						
Opening present value of defined benefit obligations		20,240	15,073			
Current service cost for the year		2,565	2,076			
Interest cost for the year		3,221	1,995			
Remeasurement loss on obligation	19.2.6	645	1,126			
Benefits due but not paid during the year		-	(30)			
Adjustment made against opening payable		30	-			
Benefits paid during the year		<u>(830)</u>	<u>-</u>			
		<u>25,871</u>	<u>20,240</u>			
19.2.5 Amount recognized in profit or loss account						
Current service cost		2,565	2,076			
Interest cost		3,221	1,995			
Charge for the year		<u>5,786</u>	<u>4,071</u>			
19.2.6 Remeasurement chargeable to other comprehensive income						
Loss on remeasurement of obligation		<u>645</u>	<u>1,126</u>			
19.2.7 Comparison of liabilities for five years						
		2024	2023	2022	2021	2020
		----- (Rupees in '000) -----				
		<u>25,871</u>	<u>20,240</u>	<u>15,073</u>	<u>12,068</u>	<u>12,333</u>

19.2.8 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation as at June 30, 2024 is as follows:

	Increase in Assumption ----- (Rupees in '000) -----	Decrease in Assumption ----- (Rupees in '000) -----
Discount rate (Effect in Rupees)	24,625	27,240
Salary increase (Effect in Rupees)	27,300	24,548

19.2.9 The charge in respect of defined benefit plan for the year ending June 30, 2025 is estimated to be Rs. 6.575 million. Further the Company has no plan assets, therefore fair value and movement in the fair value of plan assets has not been presented.

19.2.10 Principal actuarial assumptions

Mortality table	2024	2023
Discount rate (%)	14.75	16.25
Expected rate of increase in salary (%)	13.75	15.25
Average expected remaining working life time of employee(Years)	9.9	9.4
Weighted average duration of the defined benefits obligation(Years)	5	5
Mortality Rate	SLIC(2001-05)	SLIC(2001-05)

19.2.11 Maturity Analysis

One year	3,016	2,092
One to five years	23,235	13,255
After five years	160,285	188,637

Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
------	--------------------------------------	--------------------------------------

19.3 Compensated absences**19.3.1 Liability recognized in the statement of financial position**

Present value of defined benefit obligation	19.3.3	<u>6,637</u>	<u>5,543</u>
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19.3.2 Movement of the liability recognized in the statement of financial position

Opening liability		5,543	4,366
Charge for the year	19.3.4	1,231	1,197
Benefits due but not paid during the year		-	(20)
Adjustment made against opening payable		20	
Benefits paid during the year		(157)	-
		<u>6,637</u>	<u>5,543</u>

19.3.3 Movement in present value of defined benefit obligations

Opening present value of defined benefit obligations		5,543	4,366
Current service cost for the year		168	220
Interest cost for the year		888	577
Benefits due but not paid during the year		-	(20)
Adjustment made against opening payable		20	
Benefits paid during the year		(157)	-
Remeasurement loss on obligation	19.3.5	175	400
Closing present value of defined benefit obligations		<u>6,637</u>	<u>5,543</u>

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
19.3.4 Amount recognized in profit or loss account			
Current service cost		168	220
Actuarial loss		175	400
Interest cost for the year		888	577
		<u>1,231</u>	<u>1,197</u>
19.3.5 Remeasurement chargeable to profit or loss			
Remeasurement loss on obligation		<u>175</u>	<u>400</u>

19.3.6 Comparison of liabilities for previous years

	2024	2023	2022	2021	2020
	----- (Rupees in '000) -----				
	<u>6,637</u>	<u>5,543</u>	<u>4,366</u>	<u>3,578</u>	<u>3,460</u>

19.3.7 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation as at June 30, 2024 is as follows:

	Increase in Assumption ----- (Rupees in '000) -----	Decrease in Assumption ----- (Rupees in '000) -----
Discount rate (Effect in Rupees)	6,288	7,024
Salary increase (Effect in Rupees)	7,006	6,299

19.3.8 The Company has no plan assets, therefore fair value and movement in the fair value of plan assets has not been presented. The general description and other related disclosure has been presented in the note 4.13.1 of these financial statements.

20. ACCRUED AND OTHER PAYABLES

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
Proceeds from sale of assets of security brokers in default	20.1	34,786	23,472
Payable on account of cancellation of sub lease	20.2	11,375	11,375
Accrued liabilities	20.3	16,118	15,844
Corporate social responsibility (CSR)	20.4	6,508	6,854
Audit fee payable		460	400
Other payables		<u>3,973</u>	<u>4,507</u>
		<u>73,220</u>	<u>62,452</u>

20.1 This represents amount received from disposal of assets and dividend on shares of defaulting/expelled security brokers. This mainly includes M/s Ahmed Nadeem SEC (SMC-PVT) and Riaz Mahmood amounting to Rs. 7.53 million (2023: Rs. 4.703 million) and Rs. 4.45 million (2023: Rs. 4.45 million), respectively. These amounts are to be utilized for the settlement of dues including investors' claims of the defaulting security brokers through Fund Committee constituted by Securities and Exchange Commission of Pakistan.

20.2 This represents the amount payable to an ex-sub lessee upon cancellation of sub lease agreement in accordance with terms contained therein, consequent upon failure of sub lessee to pay the balance amount to the Company. The amount equivalent to 10% of the sale consideration stands forfeited as per terms of the agreement.

20.3 This includes Rs. 13.044 million (2023: Rs. 13.044 million) payable to the building contractors, settlement of which is pending due to ongoing litigation as disclosed in note 24.1.

20.4 During the year, a contribution of Rs. 1 million has been made to the CSR fund. Moreover, an amount of Rs. 1.345 million has been utilized out of this fund as annual scholarship payment to eligible students.

21. ADVANCES AND DEPOSITS	Note	2024	2023
		----- (Rupees in '000) -----	
Advance rent	21.1	137,128	136,419
Deposit from members against exposure and clearing house		970	970
Retention money & security deposits		17,127	11,573
		<u>155,225</u>	<u>148,962</u>
21.1 Advance rent			
Opening balance		136,419	131,213
Received during the year		378,873	210,374
Income recognized during the year		(378,164)	(205,168)
		<u>137,128</u>	<u>136,419</u>

21.1.1 Advance rent is received from tenants of ISE Towers on account of operating lease of offices.

22. TAX PAYABLE TO GOVERNMENT	Note	2024	2023
		----- (Rupees in '000) -----	
Income tax - opening		10,403	(1,593)
Provision for taxation for the year		130,382	109,021
		<u>140,785</u>	<u>107,428</u>
Advance - Income tax paid during the year		(109,122)	(97,025)
Income tax - closing		<u>31,663</u>	<u>10,403</u>
23 UNCLAIMED DIVIDEND			
Unclaimed dividend		<u>32,312</u>	<u>25,303</u>
The reconciliation of carrying amount is as follows:			
Opening balance		25,303	20,110
Dividends declared		488,359	238,673
Dividends paid		(481,349)	(233,480)
		<u>32,312</u>	<u>25,303</u>

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

a) Legal case against the Company:

M/s MRA Altec Construction (Private) Limited Vs the Company for recovery of Rs. 137.07 million on account of escalation and interest thereon relating to construction contract with ISE. Based on the terms of contract, an amount of Rs. 20.95 million is payable to the contractor recognized under accrued & other payables and advances and deposits.

The arbitrator appointed by the Honorable Court has given his award of Rs. 41.57 million as payable to MRA Altec Construction (Pvt) Limited. Both the parties being aggrieved of the decision of the arbitrator, filed appeals before the Islamabad High Court, which then remanded back the case to Civil Court to decide a fresh.

On April 03, 2024 the Civil Court confirmed the award of the arbitrator against the company, against which the company filed an appeal on July 09, 2024 before Islamabad High Court. The Islamabad High Court suspended the order of the Civil Court subject to the furnishing of Bank Guarantee of the awarded amount. The appeal is at initial stage an precise outcome of the case cannot be forecasted at this stage.

- b) Certain cases relating to defaulted TREC Holders have been filed in which the Company is not a direct party. According to the legal advisor, the Company is not exposed to any loss in these cases. In addition, the defendants are the direct parties who may be held responsible for an obligation that may arise.
- c) The details of tax contingencies have been disclosed in the note 31 to these financial statements.
- d) Company's share in the contingencies of associates is Rs. 35.27 million (2023: Rs. 34.8 million).
- e) No provision as been made in the financial statements for all of the above alleged demand as the management based on the advise of legal advisor, is confident that the matter will be decided in favour of the Company.

24.2 Commitments

- a) Company's commitments for capital expenditure are Rs. 117.97 million (2023: Rs. 26.37 million).
- b) Company's share in the commitments of associates is Rs. 3.099 million. (2023: Rs. 4.904 million).

25 OPERATING INCOME

	2024	2023
	----- (Rupees in '000) -----	
	Note	
Rental income from investment property	368,979	346,438
Other rental	9,185	8,258
	<u>378,164</u>	<u>354,696</u>

25.1 Maturity Analysis of lease rental from investment property is as follows:

	2024	2023
	----- (Rupees in '000) -----	
Not later than 1 year	412,649	385,754
Later than one year but not later than two years	450,279	419,531
Later than two years but not later than five years	1,612,521	1,492,152
Later than five years	-	-
	<u>2,475,448</u>	<u>2,297,437</u>

26 DEPRECIATION AND AMORTIZATION

Depreciation	45,910	44,129
Amortization	136	300
	<u>46,046</u>	<u>44,429</u>

27 OTHER ADMINISTRATIVE EXPENSES

Salaries and benefits	27.1	22,424	18,564
Directors' meeting fee		2,600	1,175
Travelling and lodging		196	265
Postage, telephone and fax		608	469
Printing and stationery		1,318	1,193
News papers, books and periodicals		83	65
Publicity and advertisements		36	-
Rent, rates and taxes		4,074	5,454

		2024	2023
		----- (Rupees in '000) -----	
Legal and professional charges		5,042	5,551
Auditors remuneration	27.2	659	615
Contract services		510	369
Repairs and maintenance		647	697
Seminars, meetings and entertainment		2,127	2,257
MIS / technology charges		1,186	698
Electricity, gas and water		4,780	3,831
Insurance		2,765	2,783
Real estate agent fee		-	461
Corporate social responsibility		1,000	1,000
Miscellaneous		452	688
		<u>50,507</u>	<u>46,135</u>
27.1 This includes gratuity expense charged during the year amounted to Rs. 2.261 million.			
27.2 Auditors remuneration			
		2024	2023
	Note	----- (Rupees in '000) -----	
Audit services			
Annual audit fee		400	400
Half yearly review fee		150	150
Out of pocket expenses		109	65
		<u>659</u>	<u>615</u>
28. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits and investments		173,314	102,623
Exchange gain		-	184
Dividend income from investment-FVOCI		13,628	12,639
Dividend from mutual funds		871	25,108
Income from non financial assets:			
Room transfer fee		1,839	1,548
Income from branding		989	1,045
Asset service charges from tenants/occupants		25,640	25,477
Others	28.1	19,553	18,171
		<u>235,834</u>	<u>186,795</u>
28.1 This mainly includes car parking fee and split unit charges charged from tenants during the year.			
29. FINANCIAL CHARGES			
This represents bank charges incurred during the year.			
30 FINAL TAX			
		2024	2023
	Note	----- (Rupees in '000) -----	
Final tax	30.2	<u>2,175</u>	<u>5,662</u>

30.1 This represents portion of final tax paid under section 150 of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

30.2 Reconciliation between current tax charged under the Income Tax Ordinance, 2001 with current tax recognized in the statement of profit or loss, is as follows:

	2024	2023
Note	----- (Rupees in '000) -----	-----
Current tax liability for the year	130,382	125,490
Portion of current tax liability as per tax laws, representing income tax under IAS 12	31 (128,207)	(119,828)
Final tax	<u>2,175</u>	<u>5,662</u>

31. TAXATION

Current

For the year	128,207	119,828
For prior year	-	(16,469)
Deferred	10.3 5,524	18,769
	<u>133,731</u>	<u>122,128</u>

31.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2024	2023
Note	----- (Rupees in '000) -----	-----
Tax on profit before taxation at applicable tax rate of 29% (2023: 29%)	226,745	423,602
Tax effect of unrealized income	(76,704)	(292,876)
Tax effect of income subject to final tax	2,650	3,410
Tax effect of tax classified as final tax differential	(4,205)	(10,946)
Tax effect of taxable profit subject adjustment against taxable losses	(37,650)	(18,462)
Tax effect of admissible expenses to separate block	(21,934)	(20,572)
Super tax on profit before tax at applicable tax rate of 8% (2023:8%)	39,305	35,673
Prior year	-	(16,469)
Effect of deferred tax	5,524	18,769
	<u>133,731</u>	<u>122,128</u>

31.2 The Inland Revenue department (the department) had created tax demand of Rs. 3.256 million for tax year 2003 and 2004. The Commissioner Inland Revenue (CIR), however annulled the order of department. The department filed the appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR which is pending for adjudication.

31.3 The income tax return for tax year 2011 was selected for audit through computerized balloting by FBR and taxation officer amended the assessment on January 24, 2014 by creating a demand of Rs. 25.670 million. The Company filed appeal before Commissioner Appeals, Islamabad against the order of taxation officer. The Commissioner Appeals set aside the impugned order vide his appellate order dated April 22, 2014.

Re-assessment was framed by the taxation officer under section 124 of the Income Tax Ordinance, 2001 on June 30, 2015 by assessing net loss from business at Rs 91.555 million and created a tax liability against rental income amounting to Rs. 15.770 million. The appeal filed by the Company before Commissioner Appeals, Islamabad, was rejected vide his Appellate order dated June 20, 2016.

Against the impugned order the company has filed second appeal before Appellate Tribunal, which is pending for adjudication.

A rectification application was also filed under section 221 against impugned order of the taxation officer dated June 30, 2015 requesting grant of brought forward losses, credits of tax paid/deducted at source during earlier years and erroneous computation of rental income.

- 31.4 The Commissioner Inland Revenue, Islamabad selected the tax year 2013 of the Company for audit under section 177 of Income Tax Ordinance, 2001. The Company contested the selection before the Commissioner, however the Commissioner rejected the application of the Company. The Company filed writ petition before the High Court and the Court granted the stay against the audit proceedings, whereas petition filed by the Company is pending for adjudication.
- 31.5 Income Tax officials / authorities has created a tax demand along with default surcharge at Rs. 7.559 million for tax year 2015 under section 161/205 of the Income Tax Ordinance, 2001.
- The Company filed appeal dated February 23 , 2018 before Commissioner Income Tax (Appeals-I) Islamabad. The Commissioner Appeals remanded back the case with direction to conduct fresh proceedings in fair and just manner. The management being aggrieved has filed second appeal before Appellate Tribunal which is pending for adjudication.
- 31.6 Income Tax official / authorities has initiated the proceeding u/s 205(1B) of the Income Tax ordinance 2001 for tax year 2018 and demanded surcharge of Rs. 3.7 million, which is pending for adjudication.
- 31.7 The income tax assessment of the Company have been finalized up to and including the tax year 2024. Tax returns are deemed to be assessed under section 120 of Income Tax Ordinance, 2001, unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.
- 31.8 No provision has been made in the financial statements for all of the above alleged tax demand as the management based on the advise of legal advisor, is confident that the matter will be decided in favour of the Company.

32. EARNINGS PER SHARE	Note	2024 ----- (Rupees in '000) -----	2023 -----
Profit after tax (Rupees in '000)		645,974	1,332,907
Weighted average number of ordinary shares at the end of the year (Numbers)		<u>367,186,963</u>	<u>367,186,963</u>
Basic and diluted earnings per share (Rupee)		<u><u>1.76</u></u>	<u><u>3.63</u></u>

- 32.1 There is no dilutive effect on the basic earnings per share of the Company.

32.2 Earnings per share comprises as follows:

	2024	2023
Note	----- (Rupees in '000) -----	-----
Distributable profit		
- Profit before share of associate	1.04	0.89
- Share of the associate	0.35	0.18
	<u>1.39</u>	<u>1.07</u>
Undistributable - unrealized fair	32.2.1 <u>0.37</u>	<u>2.56</u>
	<u><u>1.76</u></u>	<u><u>3.63</u></u>

32.2.1 Under the provisions of Companies Act, 2017, unrealized gain on fair value of investment property is not distributable as dividend.

33. ADJUSTMENT FOR NON-CASH CHARGES AND OTHER ITEMS

	2024	2023
Note	----- (Rupees in '000) -----	-----
Depreciation and amortization	26 46,046	44,429
Profit on bank deposits and investments	28 (173,314)	(102,623)
Exchange gain	28 -	(184)
Dividend income from Investment-FVOCI	28 (13,628)	(12,639)
Dividend from mutual funds	28 (871)	(25,108)
Share of profits from associated companies	(127,194)	(65,579)
Fair value gain on investment property	7.1 (137,200)	(940,667)
Provision for gratuity	19 5,816	4,071
Provision for compensated absences	19 1,251	1,197
Financial charges	29 63	148
	<u>(399,030)</u>	<u>(1,096,954)</u>

34. FINANCIAL INSTRUMENTS**34.1 Financial instruments by category****Financial assets****Equity investments - FVTOCI**

Long term investment	8.2 201,220	172,114
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FVTPL

Short term investment	13 -	46,560
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Amortized cost

Receivables - considered good	11 64,733	68,041
Long term advances and deposits	9 68,217	14,906
Advances - considered good	12.1 604	2,720
Short term investment	13 693,538	795,187
Cash and bank balances	14 79,609	83,008
	<u>906,701</u>	<u>963,863</u>
Financial assets	<u><u>1,107,921</u></u>	<u><u>1,182,536</u></u>

Financial liabilities		2024	2023
	Note	----- (Rupees in '000) -----	-----
Amortized cost			
Accrued and other payables	20	66,712	55,598
Unclaimed dividend	23	32,312	25,303
Advances and deposits		18,097	12,543
Deferred liabilities	19	32,510	25,783
Financial liabilities		<u>149,631</u>	<u>119,228</u>

34.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS-9. The carrying amount of accounts receivables and payables are assumed to approximate their fair values.

34.3 Financial risk management objectives and policies

The Company is exposed to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Board of Directors of the Company has established the policies and procedures for Company's risk management. The Company does not engage in the trading of financial assets for speculative purposes. All treasury related transactions are carried out within the parameters of those policies.

34.3.1 Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligation to the Company. It arises principally from the accounts receivable, advances, security deposits, accrued interest, short term investment and other receivables.

(a) Exposure to credit risk

The maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, summarized as follow:

	Note	Carrying amount	
		2024	2023
----- (Rupees in '000) -----			
Receivables		64,733	68,041
Advances - considered good		604	2,720
Short term investment		693,538	795,187
Bank balances		79,585	82,980
		<u>838,460</u>	<u>948,928</u>

The maximum exposure to credit risk for financial assets at the reporting date by type of counter-party was:

Banks and financial institutions	79,585	82,980
Others	758,875	865,948
	<u>838,460</u>	<u>948,928</u>

(b) Credit quality of financial assets

The Company's management considers that all the above financial assets are not impaired and are of good credit quality. The management continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Receivables

To manage exposure to credit risk in respect of accounts receivables management performs credit reviews taking into account the counter party's financial position, past experience and other factors. The aging of past due accounts receivables from companies at the reporting date was:

	2024		2023	
	Gross	Impairment	Gross	Impairment
----- (Rupees in '000) -----				
Past due 0-50 days	63,660	-	68,041	-
Past due 51 days - 1 year	1,073	-	-	-
Past Due 1 year to 2 years	738	738	1,255	1,255
	<u>65,471</u>	<u>738</u>	<u>69,296</u>	<u>1,255</u>

Bank balances

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings:

	Rating agency	Ratings	(Rupees in '000)
		Long term	
MCB Bank Limited	PACRA	AAA	36,959
Allied Bank Limited	PACRA	AAA	929
United bank Limited	JCR-VIS	AAA	29
Summit Bank Limited	JCR-VIS	A-	26
Askari Bank Limited	PACRA	AA+	25
Bank Alfalah Limited	JCR-VIS	AA+	270
JS Bank Limited	PACRA	AA-	3,720

	Rating agency	Ratings	(Rupees in '000)
		Long term	
National Bank of Pakistan	PACRA	AAA	23,649
Meezan Bank Limited	JCR-VIS	AAA	13,935
Samba Bank Limited	JCR-VIS	AA	41
			<u>79,585</u>

(c) Equity price risk

Equity price risk is the risk that the fair value of the equities changes as the result of changes in the level of equity indices and the value of individual stocks. The Company does not have exposure in listed equities as at June 30, 2024.

34.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in releasing funds to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed condition, without incurring losses or risking damage to Company's reputation. Following are the contractual maturities of financial liabilities including interest payment excluding the impact of netting agreements:

	Maturity analysis of financial liabilities				
	Carrying amount	Contractual cash flows	6 Months or less	1-2 years	2-5 years
	(Rupees in '000)				
Non-derivative financial liabilities					
2024					
Deposits (Short term & long term)	40,331	(40,331)	(17,127)	-	(23,204)
Accrued and other liabilities	66,252	(66,252)	(66,252)	-	-
Deferred liabilities	32,509	(32,509)	-	-	(32,509)
Unclaimed dividend	32,312	(32,312)	(32,312)	-	-
	<u>171,404</u>	<u>(171,404)</u>	<u>(115,691)</u>	<u>-</u>	<u>(55,713)</u>
Non-derivative financial liabilities					
2023					
Deposits (Short term & long term)	34,777	(34,777)	(11,573)	-	(23,204)
Accrued and other liabilities	55,198	(55,198)	(55,198)	-	-
Deferred liabilities	25,783	(25,783)	-	-	(25,783)
Unclaimed dividend	25,303	(25,303)	(25,303)	-	-
	<u>141,061</u>	<u>(141,061)</u>	<u>(92,074)</u>	<u>-</u>	<u>(48,987)</u>

34.3.3 Market risk

Market risk is the risk that the value of the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

(a) Currency risk

The Company is exposed to currency risk on bank balance that are denominated in a currency other than the functional currency of the Company that is U.S Dollar. However, the Company is not currently exposed to material currency risk, therefore, no sensitivity analysis has been presented.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in the market interest rates. Majority of the interest rate exposure arises from long term loan from bank, lease obligation and deposits in profit or loss sharing accounts with banks.

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Effective interest rate		Carrying amount	
2024	2023	2024	2023
Interest rate	Interest rate	(Rupees in '000)	

Variable rate instruments Financial assets

Bank balances	20.50%	19.50%	79,585	82,980
---------------	--------	--------	--------	--------

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect the statement of profit or loss.

(d) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss and fund balance 100 bps increase and 100 bps decrease			
	2024		2023	
	(Rupees in '000)			
	Increase	Decrease	Increase	Decrease
Cash flow sensitivity - Variable rate instruments	796	(796)	830	(830)

35. CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to maintain creditor and market confidence.

The Company monitors capital on the basis of the carrying amount of reserves as presented on the face of statement of financial position. There have been no changes to the Company's approach to the capital management during the current year.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, when necessary. In order to maintain or adjust the capital structure, the Company may sell assets to reduce debt and manage capital expenditures. The Company is not subject to externally imposed capital requirements.

Consistent with industry practice, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed.

Capital for the reporting periods under review is summarized as follows:

	2024	2023
	(Rupees in '000)	
Borrowings	-	-
Total capital	<u>7,740,083</u>	<u>7,533,991</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

36. 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:

Related party transaction with Associates

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

	2024	2023
	(Rupees in '000)	
National Clearing Company of Pakistan Limited		
Utility charges	3,974	3,058
Amount received against utility charges	(3,871)	(2,981)
Dividend received	17,666	22,734
Closing balance against utilities	410	307
Pakistan Mercantile Exchange Limited		
Utility charges	619	489
Rent received	2,702	2,456
Amount received against utility charges	(607)	(479)
Closing balance against utilities	57	46

Related party transaction with Directors

	2024	2023
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Utility charges	4,884	3,554
Amount received from directors	(4,766)	(3,447)
Closing balance against utilities	464	346

37 COMPENSATION TO KEY MANAGEMENT PERSONNEL

The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executives (note 39)". There are no transactions with key management personnel other than under their terms of employment.

38 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS-9. The carrying amount of accounts receivables and payables are assumed to approximate their fair values.

Financial instruments

2024		2023	
Carrying amount	Fair value	Carrying amount	Fair value
----- (Rupees in '000) -----			

Assets carried at amortized cost

Receivables	64,733	64,733	68,041	68,041
Advances	604	604	2,720	2,720
Short term investments - T-bills	693,538	693,538	795,187	795,187
Cash and bank balances	79,609	79,609	83,008	83,008
Long term advances and deposits	68,217	68,217	14,906	14,906
	<u>906,701</u>	<u>906,701</u>	<u>963,863</u>	<u>963,863</u>

Liabilities carried at amortized cost

Accrued and other payables	66,712	66,712	55,598	55,598
Advances and deposits	18,097	18,097	12,543	12,543
Unclaimed dividend	32,312	32,312	25,303	25,303
	<u>117,121</u>	<u>117,121</u>	<u>93,444</u>	<u>93,444</u>

38.1 As at June 30, 2024 and June 30, 2023 the Company held financial instruments carried at fair value which comprising long term investment. Moreover, Investment property and operating fixed assets are measured at fair value.

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

As at June 30, 2024				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Assets				
Financial assets at fair value through other comprehensive income	-	-	201,220	201,220
Financial assets at fair value through profit and loss	-	-	-	-

As at June 30, 2023				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Assets				
Financial assets at fair value through other comprehensive income	-	-	172,114	172,114
Financial assets at fair value through profit and loss	-	-	46,560	46,560

38.3 The investment property is valued on June 30, 2024 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at June 30, 2024				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
Assets				
Investment property carried at fair value	-	-	5,233,505	5,233,505

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

38.4 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

- 38.5 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:

	2024	2023
	----- (Rupees in '000) -----	
Opening balance (level 3 recurring fair values)	5,096,305	4,155,638
Fair value gain arised during the year	137,200	940,667
Closing balance (level 3 recurring fair values)	<u>5,233,505</u>	<u>5,096,305</u>

- 38.6 There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.
- 38.7 The Company has revalued its Leasehold land, buildings on June 30, 2024 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.

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change the occurred.

38.8 Determination of fair values

A number of the Company's accounting polices and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined of measurement and / or disclosure purposes based on the following methods.

Investment in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in fair value through other comprehensive income

The fair value of FVOCI investment is determined by reference to their quoted closing repurchase price at the reporting date, if available, and where applicable it is estimated as the present value of future cash flows, discounted current PKR rates applicable to similar instruments having similar maturities. Where quoted prices and estimated future prices are not available, fair value is determined through adjusted net assets valuation method.

Non-derivative financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	2024				2023			
	Chief Executive Officers	Directors	Executives	Total	Chief Executive Officer	Directors	Executives	Total
	----- (Rupees in '000) -----							
Managerial remuneration	6,735		4,293	11,028	5,613		3,639	9,252
Fee	-	2,600	-	2,600		1,175	-	1,175
	<u>6,735</u>	<u>2,600</u>	<u>4,293</u>	<u>13,628</u>	<u>5,613</u>	<u>1,175</u>	<u>3,639</u>	<u>10,427</u>
Number of persons	<u>1</u>	<u>10</u>	<u>1</u>	<u>12</u>	<u>1</u>	<u>10</u>	<u>1</u>	<u>12</u>

39.1 The Chief Executive Officer and executives are also entitled to gratuity and leave fare assistance as retirement benefit.

39.2 Chairman of the Board of Directors and Chief Executive Officer is also provided with the Company maintained car.

40 NUMBER OF EMPLOYEES

The Company has following number of employees as at June 30, 2024 and average during the year.

	No. of employees			
	As at June 30, 2024	As at June 30, 2023	Average 2024	Average 2023
Permanent	3	4	3	4
Contractual	20	19	20	20
	<u>23</u>	<u>23</u>	<u>24</u>	<u>24</u>

41 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where necessary to comply with the requirements of Companies Act, 2017. Significant re-classifications made during the year are as follow:

Reclassified from	Reclassified to	2023 (Rupees in '000)
Statement of Financial Position		
Property & Equipment	Long term advances & deposits	4,309
Other Reserves	Reserves	270,822
Statement of Profit and		
Taxation	Final Tax	5,662

42 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

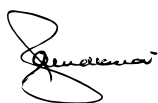
Subsequent to the year ended June 30, 2024, the Board of Directors have proposed final cash dividend for the year ended June 30, 2024 of Rs. 0.65 per share, amounting to Rs.238.672 million at their meeting held on October 01, 2024 for approval of the members at Annual General Meeting to be held on October 28, 2024.

43 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 01, 2024 by the Board of Directors of the Company.

44 GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


CHAIRMAN

CHIEF EXECUTIVE

Pattern of Shareholding

as at June 30, 2024

# Of Shareholders	Shareholdings' Slab			Total Shares Held
16	1	To	100	644
5	101	To	500	2,441
14	501	To	1000	11,685
16	1001	To	5000	53,308
6	5001	To	10000	40,743
6	10001	To	15000	71,256
3	15001	To	20000	51,227
1	20001	To	25000	22,000
1	25001	To	30000	26,023
7	30001	To	35000	235,359
1	35001	To	40000	39,456
1	75001	To	80000	76,361
1	100001	To	105000	104,654
1	130001	To	135000	133,350
1	195001	To	200000	200,000
1	295001	To	300000	298,188
1	320001	To	325000	323,265
1	410001	To	415000	413,841
1	685001	To	690000	687,000
1	820001	To	825000	820,762
1	930001	To	935000	930,762
1	970001	To	975000	975,000
1	1030001	To	1035000	1,033,603
1	1110001	To	1115000	1,113,840
1	1195001	To	1200000	1,200,000
35	1210001	to	1215000	42,482,430
1	1265001	to	1270000	1,267,399
38	1820001	to	1825000	69,188,956
1	2030001	to	2035000	2,034,603
1	2345001	to	2350000	2,347,603
1	2530001	to	2535000	2,534,603
1	2640001	to	2645000	2,644,762
1	2910001	to	2915000	2,914,238
1	2995001	to	3000000	3,000,000
23	3030001	to	3035000	69,795,369
1	3070001	to	3075000	3,070,772
1	3125001	to	3130000	3,128,080
1	6065001	to	6070000	6,069,206
1	6635001	to	6640000	6,639,206
1	12900001	to	12905000	12,900,653
2	20180001	to	20185000	40,363,142
1	34795001	to	34800000	34,799,943
1	53140001	to	53145000	53,141,230
202				367,186,963

Pattern of Shareholding

as at June 30, 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage	
Directors and their spouse(s) and minor children				
ZAHID LATIF KHAN	1	990	0.00	
AAMER RIAZ	1	10	0.00	
ADIL KHAN SWATI	1	20,181,571	5.50	
FARRUKH YOUNAS KHAN	1	3,070,772	0.84	
FARZIN KHAN	1	5	0.00	
MALIK QAMAR AFZAL	1	3	0.00	
SARDAR AMAN KHAN	1	100	0.00	
SOHAIL ALTAF	1	6,639,206	1.81	
Associated Companies, undertakings and related parties				
	2	3,033,603.00	0.83	
NIT and ICP				
	1	1,213,841.00	0.33	
Banks Development Financial Institutions, Non-Banking Financial Institutions				
	11	23,062,983.00	6.28	
Insurance Companies				
	0	-	-	
Modarabas and Mutual Funds				
	3	3,069,206.00	0.84	
General Public				
a. Local	91	95,445,304.00	25.99	
b. Foreign	-	-	-	
Foreign Companies				
	-	-	-	
OTHERS				
	87	211,469,369.00	57.59	
Totals		215	367,186,963	100.00
Share holders holding 10% or more		Shares Held	Percentage	
AIRBLUE LIMITED		53,141,230	14.47	

Authorization Format

(On the letterhead of the Company)

The Secretary
ISE Towers REIT Management Company Limited
Islamabad.

Sub: Authorization to Attend the AGM on Behalf of the Corporate Shareholder

Dear Sir,

Please be informed that Mr. _____ s/o _____ r/o _____ holder of CNIC No. _____ has been duly authorized by the Board of Directors of our company vide resolution dated _____ to participate, deliberate and vote on resolutions included in the agenda of the notice of the 35th Annual General Meeting of the ISE Towers REIT Management Company Limited scheduled for October 28, 2024 or at any date adjourned/rescheduled thereof. Resolution of the Board dated _____ in original duly signed and stamped is attached herewith for reference and record.

Yours truly,

Seal of the Company

Authorized Signatory

Specimen Resolution

The following resolution has been passed by the Board of Directors of (Name of the Company) in its meeting held on _____.

Resolved that Mr. _____ s/o _____ r/o _____ be and is hereby authorized on behalf of the company to participate and vote for resolution included in the agenda of the notice of the 35th Annual General Meeting of ISE Towers REIT Management Company Limited scheduled for October 28, 2024 or at any date adjourned/rescheduled thereof.

Certified True Copy.

Authorized Signatory

Seal of the Company

Form of Proxy

I/We, _____ of _____, being a member(s) of ISE Towers REIT Management Company Limited, do hereby appoint Mr. _____ s/o _____ r/o of _____ as my/our proxy in our absence to attend and vote for me/us and on my/our behalf at 35th Annual General Meeting of the Company to be held on the 28th day of October, 2024 or at any adjournment thereof.

Signature over
Revenue Stamp of
Rs.5/-

The Member:	The Proxy:
Signature: _____	Signature: _____
Name: _____	Name: _____
Father's name: _____	Father's name: _____
Participant ID: _____	Participant ID: _____
Address: _____	Address: _____
Date: _____	Date: _____
Witness 1: _____	Witness 2: _____
Signature: _____	Signature: _____
Name: _____	Name: _____
CNIC No.: _____	CNIC No.: _____
Address: _____	Address: _____

Important Notes:

1. The proxy must be a member of ISE Towers REIT Management Company Limited.
2. The proxy form be signed by the appointer or his attorney duly authorized in writing, or of the appointer is a body corporate, be under its seal or be signed by any officer or any attorney duly authorized by it in writing.
3. The instrument of proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of meeting.
4. If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments shall be rendered invalid.

