

**Arif Habib Dolmen REIT
Management Limited**

Condensed Interim Financial
Information for the quarter ended
September 30, 2016

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees)	
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	6.	210,178	227,998
Long term investments	7.	1,165,218,800	1,200,798,000
Long term receivables		1,641,100	1,641,100
Long term deposits and long term loans to employees		111,500	126,500
Formation cost receivable from Scheme	8.	105,255,397	160,171,257
Deferred tax	9.	30,525,119	34,129,063
		1,302,962,094	1,397,093,918
Current Assets			
Mark-up accrued - from a related party		9,689	5,842
Receivable from Scheme	10.	97,688,157	75,936,391
Current portion of long term loans to employees and advances		790,174	60,000
Prepayments and other receivables		3,739,014	127,749
Advance tax-net		2,029,243	1,571,195
Short term investment - related party		108,494	107,102
Cash and bank balances	11.	450,919	12,895,761
		104,815,689	90,704,040
Total Assets		1,407,777,783	1,487,797,958
<u>EQUITY AND LIABILITIES</u>			
Share capital and reserves			
Authorised share capital			
50,000,000 Ordinary shares of Rs.10 each		500,000,000	500,000,000
Issued, subscribed and paid up capital		200,000,000	200,000,000
Reserves		193,681,329	162,454,959
		393,681,329	362,454,959
Non-Current Liabilities			
Long term loan	12.	914,236,632	975,840,925
Current Liabilities			
Short term loan		84,300,000	112,800,000
Accrued expenses and other payables	13.	15,559,822	36,702,074
		99,859,822	149,502,074
Total Equity and Liabilities		1,407,777,783	1,487,797,958
Contingencies and commitments	14.		

The annexed notes 1 to 22. form an integral part of these condensed interim financial information.


Chief Executive


Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter Ended September 30, 2016 (Rupees)	Quarter ended September 30, 2015
Revenue			
Management fee	15.	19,249,350	17,629,230
Expenses			
Administrative expenses	16.	(10,306,885)	(9,203,257)
		8,942,465	8,425,973
Finance cost	17.	(25,120,532)	-
		(16,178,067)	
Other income	18.	115,714,007	453,264
Profit before tax		99,535,940	8,879,237
Taxation			
- Current		(29,127,817)	(53,670)
- Deferred		(3,603,944)	(108,847)
		(32,731,762)	(162,517)
Profit for the period		66,804,178	8,716,720
Earning per share - basic and diluted		3.34	0.44

The annexed notes 1 to 22. form an integral part of these condensed interim financial information.


Chief Executive


Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	(Rupees)	
Profit for the period	66,804,178	8,716,720
Other comprehensive loss	(35,577,808)	(62,262,076)
Total comprehensive income / (loss) for the period	<u>31,226,370</u>	<u>(53,545,356)</u>

The annexed notes 1 to 22. form an integral part of these condensed interim financial information.



Chief Executive



Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	99,535,940	8,879,237
Adjustments for:		
Depreciation	17,820	23,063
Interest on amortised cost	25,120,007	-
Discount charges on advance to employees	-	8,840
Mark-up on bank deposit	(81,607)	(453,264)
	124,592,160	8,457,876
(Increase) / decrease in current assets		
Receivable from scheme	(21,751,766)	(71,528,827)
Current portion of long term loan to employees and advances	(730,174)	-
Prepayments and other receivables	(3,611,265)	(340,173)
Increase / (decrease) in current liabilities		
Accrued expenses and other payables	(21,142,252)	(34,364,925)
	(47,235,457)	(106,233,925)
Cash generated from / (used in) operations	77,356,703	(97,776,049)
Long term deposit and long term loan to employees	15,000	-
Taxes paid	(29,585,865)	(55,223)
Net cash generated from / (used in) operating activities	47,785,838	(97,831,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(64,500)
Formation cost receivable from scheme	54,915,860	51,937,822
Markup received	77,760	477,195
Net cash generated from investing activities	54,993,620	52,350,517
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	(86,724,300)	-
Proceeds of short term loan	(28,500,000)	57,200,000
Net cash (used in) / generated from financing activities	(115,224,300)	57,200,000
Net (decrease) / increase in cash and cash equivalents	(12,444,842)	11,719,245
Cash and cash equivalents at beginning of the period	12,895,761	6,033,115
Cash and cash equivalents at end of the period	450,919	17,752,360

The annexed notes 1 to 22. form an integral part of these condensed interim financial information.


Chief Executive


Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Issued, subscribed and paid-up capital	Reserves		Sub total	Shareholder's Equity
		Capital	Revenue		
		Remeasurement (loss) / gain	Accumulated Profit		
----- Rupees -----					
Balance as at 30 June 2015	200,000,000	112,330,232	112,583,075	224,913,307	424,913,307
Total comprehensive loss for the period					
Profit for the period	-	-	8,716,720	8,716,720	8,716,720
Other comprehensive loss for the period	-	(62,262,076)	-	(62,262,076)	(62,262,076)
	-	(62,262,076)	8,716,720	(53,545,356)	(53,545,356)
Balance as at 30 September 2015	200,000,000	50,068,156	121,299,795	171,367,951	371,367,951
Balance as at 30 June 2016	200,000,000	88,981,481	73,473,478	162,454,959	362,454,959
Total comprehensive income for the period					
Profit for the period	-		66,804,178	66,804,178	66,804,178
Other comprehensive loss for the period	-	(35,577,808)	-	(35,577,808)	(35,577,808)
	-	(35,577,808)	66,804,178	31,226,370	31,226,370
Balance as at 30 September 2016	200,000,000	53,403,673	140,277,656	193,681,329	393,681,329

The annexed notes 1 to 22. form an integral part of these condensed interim financial information.



 Chief Executive



 Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1. STATUS AND NATURE OF BUSINESS

Arif Habib Dolmen REIT Management Limited (the Company) was incorporated in Pakistan as a public limited company (un-quoted) on April 08, 2009 under the Companies Ordinance, 1984. The Company is a REIT Management Company, registered with the Securities and Exchange Commission of Pakistan (SECP) under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O. 1113 (I) 2007 and S.R.O. 271 (I) / 2010. The Certificate for commencement of business was given by SECP on September 07, 2009. The registered office of the company is situated at Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan.

The Company has been established with exclusive objective to launch Real Estate Investment Trust (REIT) Schemes and provide REIT management services in accordance with the Real Estate Investment Trust Regulations, 2015. The Company is rated AM2 - (RMC) by JCR-VIS Credit Rating Company Limited.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules 2003), the Real Estate Investment Trust Regulations, 2015 (REIT Regulation 2015) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules 2003, the REIT Regulation 2015 or the directives issued by the SECP shall prevail.

This condensed interim financial information do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statement of the Company for the year ended 30 June 2016.

2.2 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except as otherwise disclosed in these notes.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupee which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2016.

3.1 Amendments and interpretation to approved accounting standards effective during the period

Certain amendments and interpretations to approved accounting standards became effective during the period which were not relevant to the Company's operation and did not have any significant impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2016.

5. RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Company for the year ended June 30, 2016.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
6. PROPERTY AND EQUIPMENT			
Opening net book value		227,998	250,561
Additions		-	92,500
Less: Disposals-net			
Cost		-	(20,264)
Depreciation		-	6,600
		-	(13,664)
Depreciation		(17,820)	(101,398)
Closing net book value		<u>210,178</u>	<u>227,998</u>

7. LONG TERM INVESTMENTS- AFS

Available for Sale Investment

Investment in units of Dolmen city REIT		1,111,850,000	1,111,850,000
Unrealized gain on remeasurement of investment		53,368,800	88,948,000
	7.1	<u>1,165,218,800</u>	<u>1,200,798,000</u>

- 7.1 These units were acquired for a period of three years at a cost of Rs 10 per unit from International complex Project and the entire purchase price shall be paid by the company to the ICPL at the end of three years from the date of transfer of those units in favour of company

Market value as at September 30, 2016 is Rs. 10.48 (June 30, 2016 is Rs. 10.80) per unit.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
8. FORMATION COST RECEIVABLE FROM SCHEME			
Formation cost of scheme	8.1	160,171,257	215,087,117
Less: Current portion shown under current asset		(54,915,860)	(54,915,860)
		<u>105,255,397</u>	<u>160,171,257</u>

- 8.1 These represent preliminary expenses paid by the company for launching of Dolmen City REIT in accordance with REIT regulation 2015. This is interest free and receivable in equal amount paid annually over period of five years

9. DEFERRED TAX

- 9.1 Net deferred tax asset of Rs. 30.525 million (June 30, 2016 : Rs 34.129) million is recognised. The management of the Company believes that based on the projections of future taxable profits, it would be able to realise these tax losses in the future.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
10. RECEIVABLE FROM SCHEME			
Management fee receivable	10.1	42,772,297	21,020,531
Current portion of formation cost of scheme		54,915,860	54,915,860
		<u>97,688,157</u>	<u>75,936,391</u>

- 10.1 Under the provisions of REIT Regulations 2015, RMC is entitled to an annual management fee not exceeding three percent of NOI of scheme.

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees)	
11. CASH AND BANK BALANCES			
Cash in hand		20,000	6,404
Cash at bank	11.1	430,919	12,889,357
		<u>450,919</u>	<u>12,895,761</u>

11.1 This represents saving deposit in Summit Bank Limited (a related party) carrying markup at the rate ranging from 3.75% to 4.5% (2016 : 4.0% to 5.6%) per annum.

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees)	
12. LONG TERM LOAN			
- Unsecured - Interest free			
Payable to International Complex Projects Limited - a related party	12.1	1,018,753,131	1,105,477,431
Less: Unamortised cost		(104,516,499)	(129,636,506)
		<u>914,236,632</u>	<u>975,840,925</u>

12.1 This represents loan payable to International Complex Projects Limited in lieu of units acquired and held as available for sale investments in Dolmen City REIT in accordance with unit purchase agreement executed on May 28, 2015. This loan is interest free and is repayable over a period of three years from the agreement date.

		(Un-audited) September 30, 2016	(Audited) June 30, 2016
	Note	(Rupees)	
13. ACCRUED EXPENSES AND OTHER PAYABLES			
Preliminary expenses payable		1,429,917	26,155,896
Withholding taxes payable		151,792	2,954
Accrued expense	13.1	2,041,355	1,679,910
Sales tax payable		11,914,146	8,840,701
Others		22,612	22,613
		<u>15,559,822</u>	<u>36,702,074</u>

13.1 It includes Rs. 876,150 (2016: 329,125) payable to a related party.

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 September 2016.

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		(Rupees)	
15. MANAGEMENT FEE			
Management fee		21,751,766	20,097,322
Sales tax		(2,502,416)	(2,468,092)
		<u>19,249,350</u>	<u>17,629,230</u>

16. ADMINISTRATIVE EXPENSES

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		(Rupees)	
Salaries, allowances and benefits	16.1	6,922,120	7,989,623
Legal and professional		747,972	123,614
Communication		105,873	97,457
Travelling		237,037	251,383
Rent expenses		876,150	-
Office maintenance charges		488,960	-
Printing and stationery		36,040	28,280
Insurance		177,723	157,635
Depreciation		17,820	23,063
Auditors' remuneration		68,751	51,246
Others		328,439	480,956
Donation		300,000	-
		10,306,885	9,203,257

16.1 This include Rs. 436,650 (2016 : Rs.473,949) in respect of contribution to a Voluntary Pension Scheme.

17. FINANCE COST

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		(Rupees)	
Amortization effect of long term loan		25,120,007	-
Bank charges		525	-
		25,120,532	-

18. OTHER INCOME

Mark-up on bank deposit		81,607	453,264
Dividend income		115,632,400	-
		115,714,007	453,264

19. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, sponsors, directors and key management personnel. Transaction with related parties are carried out by the company at agreed terms with related parties. Details of transaction with related parties and balances with them, if not disclosed elsewhere in these condensed interim financial statement are as follows:

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		(Rupees)	
Transaction with Associates			
Mark-up income on bank deposit		28,851	453,264
Bank charges		525	-
Repayment of long term loan		(86,724,300)	-
Rent expense		876,150	-

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	(Rupees)	
Transaction with Associates		
Payment of common shared expenses	155,781	-
Administration charges	44,658	-
Payment of administration charges	14,156	-
Employer's contribution to voluntary pension scheme	436,650	473,949
Transactions with Sponsor		
Short term loan received during the period	-	57,200,000
Short term loan repaid during the period	28,500,000	-

20. FAIR VALUE MEASUREMENT

The accounting policies and disclosure requirement for the measurement of fair values are consistent with those disclosed in the financial statement of the Management Company for the year ended 30 June 2016.

21. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on 31 OCT 2016.

22. GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.


Chief Executive


Director