

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
OF
ARIF HABIB DOLMEN REIT
MANAGEMENT LIMITED
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**

Arif Habib Dolmen REIT Management Limited

Directors' Report

For the Half Year Ended 31 December 2020

The Board of Directors of Arif Habib Dolmen REIT Management Limited (RMC) are pleased to present the Condensed interim financial Information of the Company for the half year ended on December 31, 2020.

Operational and Financial Results

Dolmen City REIT, remained the backbone of RMC's income. However the Scheme's Net Operating Income over the period declined by 18.62 % amounting to PKR 1,264.02 million as compared to PKR 1,553.32 million during the corresponding period, which is a result of rental waivers provided to tenants.

With the decrease in profitability of the Scheme, the RMC earned a management fee amounting to PKR 42.85 million (excluding advisory fee amounting to 8.48 million) as compared to PKR 52.66 million during the corresponding period. The administrative expenses of the RMC for the period were PKR 30.39 million as compared to PKR of 28.53 million during the corresponding period which resulted in gross profit for the period amounting to PKR 15.03 million. Further RMC also earned PKR 3.21 million (corresponding prior period: PKR 3.89 million) from markup on bank deposits and PKR 3.48 million (corresponding prior period: PKR 5.26 million) as dividend income from the units of units of the Dolmen City REIT coupled with unrealized loss of 2.24 million on re-measurement of fair value of the units. The profit after tax for the period remained at PKR 14.35 million as compared to PKR 35.39 million in the corresponding period.

Taxation Reforms

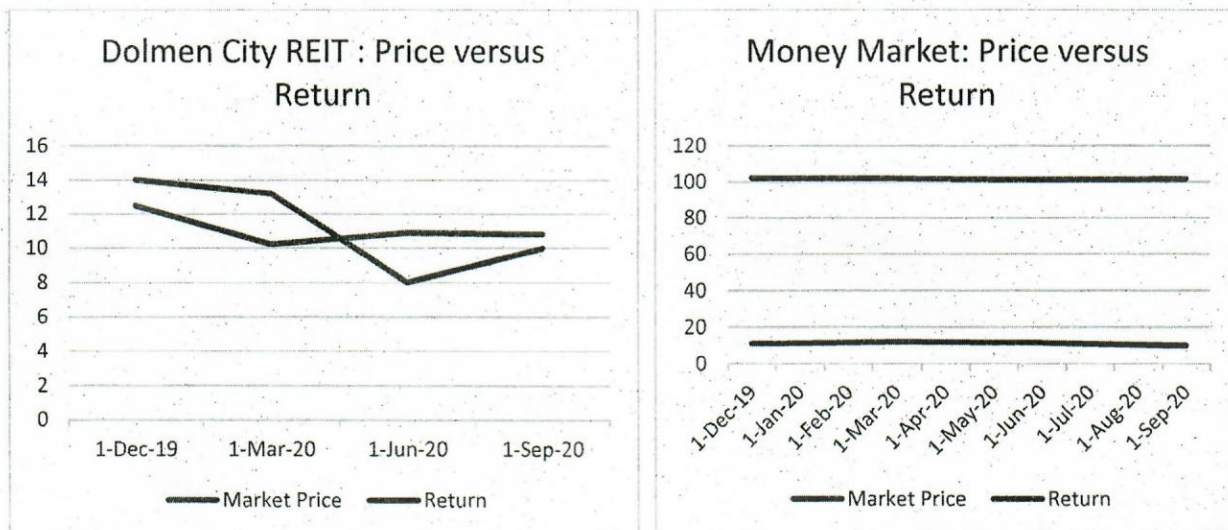
The REIT management company has been advocating multiple taxation reforms for REIT's survival in Pakistan. Exuberant dividend taxation on investing in REITs (which is 25%; compared with 15% when investing in mutual funds – under Division III of the First Schedule, Part-I of the Income Tax Ordinance 2001 'ITO'); Capital Gains taxation on non-cash gains (under section 99A of the Second Schedule of the ITO) and Advance taxation (under section 236C and section 236K of the ITO) on transfers of property to REIT schemes (whereby property transfers in the name of REIT's Trustee is an additional step which is not required in any other form of organization) have almost halted growth of REITs.

The FBR in its misconceived notion of preventing tax arbitrage, started taxing Dividends paid out by REITs at the rate of 25%, while the rate of tax is 15% on dividends paid out by all Mutual Funds, except for dividends received by corporates from Money Market Funds.

The rationale of taxing a higher rate of tax on Money Market Funds was that a corporate is taxed at 25% or higher on earnings from Treasury Bills, but it pays 15% if it invests in the same underlying asset through a Money Market Mutual Fund. Also, very importantly, a Money Market Fund does not suffer price volatility like listed equity securities, thus a corporate can even invest for a few days and exit with a gain, without worrying about losing money on exit.

Given the fact that REITs were paying out regular dividends, the FBR assumed that it was similar to a Money Market Fund. However, this notion has been proven incorrect during the economic downturn and Covid-19. Like any other investment in a business, the earnings (dividends) are subject to market/economic conditions, and resultantly, the unit price suffers price volatility.

The following dividend graphs and the unit price graphs of REIT and Money Market funds prove the point. We are hopeful that the FBR will recognize that its exuberance in taxing REITs in a manner similar to a Money Market Fund was misplaced, and it will restore the tax rate to 15%.



Future outlook

REITs are an important investment vehicle for the documentation of real estate sector and deepening of capital markets, therefore it is vital that REITs are supported at all levels. As of now, REITs are at a severe disadvantage in comparison with all other organizational forms such as proprietorship, partnership or a private or public limited company in Pakistan. Like in every past year, we persevere in our effort to propose favorable changes in the taxation regime for REITs in the relevant sections of government.

We are evaluating a number of REIT opportunities for launch in the year 2021, and we are optimistic that with a renewed interest by the government to identify and address impediments to growth of this important sector, it will not be long before REITs will be the mode of choice for significant real estate transactions.

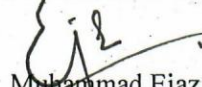
Related Party Transaction

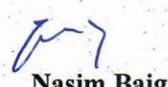
In order to comply with REIT Regulations and the Code of Corporate Governance, the RMC presented all related party transactions before the Audit Committee and Board for their review and approval.

Acknowledgement

The Board would like to thank the Securities and Exchange Commission of Pakistan and other business partners for their continued cooperation and support. We also appreciate the effort put in by the management team.

For and on behalf of the Board


 Muhammad Ejaz
 Chief Executive
 January 20, 2021


 Nasim Baig
 Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Arif Habib Dolmen REIT Management Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position **Arif Habib Dolmen REIT Management Limited** ("the Company") as at **31 December 2020** and the related condensed interim statement of profit or loss account, condensed interim statement comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 30 September 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended 31 December 2020.

Scope of review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.



Chartered Accountants

Karachi

Date 12 0 JAN 2021

Arif Habib Dolmen REIT Management Limited

Condensed Interim Statement of Financial Position

As at December 31, 2020

		Unaudited December 31, 2020	Audited June 30, 2020
	Note	Rupees	
ASSETS			
Non-current assets			
Property and equipment	6	1,063,771	396,149
Right-of-use asset	7	4,849,462	6,061,826
Intangible assets	8	8,072	9,667
Long term deposit and receivables		3,665,000	3,328,600
Long term loans to employees		60,000	16,000
		9,646,305	9,812,242
Current assets			
Mark-up accrued on bank deposits		594,647	451
Service fee receivable	9	26,930,058	6,652,900
Current portion of long term loan to employees and advances	10	7,727,790	7,557,835
Prepayments and other receivables	11	5,936,325	7,524,091
Taxation		884,378	1,433,618
Short term investment	12	82,044,614	84,289,214
Cash and bank balances	13	110,534,043	114,601,173
		234,651,855	222,059,282
Total assets		244,298,160	231,871,524
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital (50,000,000 shares of Rs. 10 each)		500,000,000	500,000,000
Issued, subscribed and paid-up capital (20,000,000 shares of Rs. 10 each)		200,000,000	200,000,000
Revenue reserve			
Unappropriated profit		33,248,955	18,899,531
		233,248,955	218,899,531
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net		393,969	1,391,174
Lease liability		3,176,896	4,512,270
		3,570,865	5,903,444
Current liabilities			
Accrued expenses and other payables	14	4,914,764	4,968,007
Current portion of lease liability		2,563,576	2,100,542
		7,478,340	7,068,549
Contingencies and commitments	15	-	-
Total equity and liabilities		244,298,160	231,871,524

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Arif Habib Dolmen REIT Management Limited

Condensed Interim Statement of Profit or Loss


For the half year ended December 31, 2020 (unaudited)

		Six Months Ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	Rupees			
Operating revenue - net	16	45,420,601	46,599,690	29,831,911	23,430,090
(Loss)/ gain on re-measurement of Short term investment		(2,244,600)	18,665,050	(1,548,000)	18,665,050
Administrative expenses	17	(30,386,890)	(28,527,055)	(15,869,423)	(14,708,260)
		12,789,111	36,737,685	12,414,488	27,386,880
Finance cost		(468,874)	(612,765)	(224,148)	(307,125)
		12,320,237	36,124,920	12,190,340	27,079,755
Other income	18	6,693,796	9,151,683	3,494,595	5,682,855
Profit before taxation		19,014,033	45,276,603	15,684,935	32,762,610
Taxation	19	(4,664,609)	(9,886,317)	(2,609,657)	(6,979,760)
Profit after taxation		14,349,424	35,390,286	13,075,278	25,782,850
Basic and diluted earning per share (Rs. Per share)		0.72	1.77	0.65	1.29

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

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CHIEF EXECUTIVE

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DIRECTOR

Arif Habib Dolmen REIT Management Limited

Condensed Interim Statement of Comprehensive Income

For the half year ended december 31, 2020 (unaudited)

	Six Months Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees			
Profit for the period	14,349,424	35,390,286	13,075,278	25,782,850
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>14,349,424</u>	<u>35,390,286</u>	<u>13,075,278</u>	<u>25,782,850</u>

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Arif Habib Dolmen REIT Management Limited

Condensed Interim Statement of Cash Flows

For the half year ended December 31, 2020 (unaudited)

	December 31, 2020	December 31, 2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,014,033	45,276,603
Adjustments for:		
- Depreciation	1,299,333	1,293,364
- Amortization	1,595	2,382
- Dividend income	(3,483,000)	(5,263,200)
- (Gain)/Loss on remeasurement of investments	2,244,600	(18,665,050)
- Loss on disposal of property and equipment	13,496	-
- Mark-up on bank deposit	(3,210,796)	(3,888,483)
	<u>(3,134,772)</u>	<u>(26,520,987)</u>
Cash generated from operating activities before working capital changes	15,879,261	18,755,616
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
- Service fee receivable	(20,277,158)	(1,002,568)
- Current portion of long term loan to employee and advances	(169,955)	2,251,634
- Prepayment and other receivable	1,587,766	(1,951,130)
	<u>(18,859,347)</u>	<u>(702,064)</u>
Decrease in current liabilities		
- Accrued expenses and other payables	(53,243)	(19,400,610)
Cash (used in) / generated from operations	<u>(3,033,329)</u>	<u>(1,347,058)</u>
- Long term loan to employee	(44,000)	18,000
- Long term deposits and receivables	(336,400)	(695,800)
- Taxes paid	(5,112,574)	(7,912,629)
Net cash (used in) / generated from operating activities	<u>(8,526,303)</u>	<u>(9,937,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property and equipment	(768,087)	(97,146)
- Formation cost received from scheme	-	50,339,537
- Investment in units of Dolmen City REIT	-	(59,294,750)
- Dividend received	3,483,000	5,263,200
- Markup received	2,616,600	5,041,985
Net cash generated from investing activities	<u>5,331,513</u>	<u>1,252,826</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Repayments of lease liabilities against right-of-use asset	(872,340)	(1,463,864)
Net cash used in financing activities	<u>(872,340)</u>	<u>(1,463,864)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(4,067,130)</u>	<u>(10,148,525)</u>
Cash and cash equivalents at the beginning of the period	114,601,173	103,862,596
Cash and cash equivalents at the end of the period	<u>110,534,043</u>	<u>93,714,071</u>

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The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Arif Habib Dolmen REIT Management Limited

Condensed Interim Statement of Changes In Equity

For the half year ended December 31, 2020 (unaudited)

	Issued, subscribed & paid up capital	Reserves		Total
		Capital	Revenue	
		Fair value reserve	Unappropriated (losses) / profits	
		Rupees		
Balance as at July 1, 2019	200,000,000	-	(5,609,571)	194,390,429
Total Comprehensive income for the half year ended December 31, 2019				
Profit after taxation	-	-	35,390,286	35,390,286
Other comprehensive income	-	-	-	-
	-	-	35,390,286	35,390,286
Balance as at December 31, 2019	200,000,000	-	29,780,715	229,780,715
Balance as at July 1, 2020	200,000,000	-	18,899,531	218,899,531
Total Comprehensive income for the half year ended December 31, 2020				
Profit after taxation	-	-	14,349,424	14,349,424
Other comprehensive income	-	-	-	-
	-	-	14,349,424	14,349,424
Balance as at December 31, 2020	200,000,000	-	33,248,955	233,248,955

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

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CHIEF EXECUTIVE


DIRECTOR

Arif Habib Dolmen REIT Management Limited

Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2020 (unaudited)

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 repealed Companies Ordinance, 1984 (now Companies Act 2017). The Company is a REIT Management Company, registered under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, with the Securities and Exchange Commission of Pakistan (SECP). The Certificate for commencement of business was obtained from 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 principal business of the Company is 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 VIS Credit Rating Company Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statement have been prepared in accordance with the provisions of and directives issued under the Companies Act, 2017, Part VIII A of repealed Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules 2003), the Real Estate Investment Regulations 2015 and the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard 34 -“Interim Financial Reporting” issued by the International Accounting Standards Board as notified under the Companies Act, 2017, Part VIII A of repealed Companies Ordinance 1984. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, Part VIII A of repealed Companies Ordinance 1984, the NBFC Rules 2003, the REIT Regulations 2015 have been followed.

These condensed interim financial statement do not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020.

These condensed interim financial information are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months ended December 31, 2020 and December 30, 2019.

2.2 Accounting convention

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

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated.



3 **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2020 except for certain accounting and reporting standards which became effective for annual period beginning on or after 01 July 2020. In addition to this certain amendments to existing accounting and reporting standards and interpretations also became effective for the period beginning on or after 01 July 2020 however the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or not having significant impact on this condensed interim financial statements.

4 **ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2020.

5 **RISK MANAGEMENT**

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. There have been no changes in any risk management policies since the year end.

6 **PROPERTY AND EQUIPMENT**

(Un-audited)	(Audited)
31 December	30 June
2020	2020
— Amount in Rupees —	

Opening net book value	396,149	461,001
Additions during the period / year	768,087	97,147
Disposals	(13,496)	-
	1,150,740	558,148
Less: Depreciation for the period / year	(86,969)	(161,999)
	1,063,771	396,149

7 **RIGHT-OF-USE ASSET**

Opening balance	6,061,826	8,486,557
Depreciation charged during the period / year	(1,212,364)	(2,424,731)
Closing net book value	4,849,462	6,061,826

8 **INTANGIBLE ASSETS**

Balance as at 1 July	9,667	14,431
Less: Amortization during the year	(1,595)	(4,764)
Written down value as at	8,072	9,667
Amortization rate	33%	33%

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9 **SERVICE FEE RECEIVABLE**

Service fee receivable	9.1	<u>26,930,058</u>	<u>6,652,900</u>
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- 9.1 This includes Rs. 25.24 million (30 June 2020: Rs. 6.65 million) receivable from the Scheme in respect of fee. Under the provisions of REIT Regulations 2015, RMC is entitled to an annual management fee not exceeding three percent of Net Operating Income (NOI) of scheme. Management fee becomes receivable on quarterly basis.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
10	CURRENT PORTION OF LONG TERM LOAN TO EMPLOYEES AND ADVANCES	Note — Amount in Rupees —	

Unsecured, considered good

Current portion of loans to employees		795,455	225,500
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Advances to:

Employees	10.1	<u>6,932,335</u>	<u>7,332,335</u>
		<u>7,727,790</u>	<u>7,557,835</u>

- 10.1 This includes advance to chief executive officer of the Company amounting to Rs.6.44 million (June 30, 2020: Rs.6.84 million).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
11	PREPAYMENTS AND OTHER RECEIVABLES	— Amount in Rupees —	

Prepayments		638,628	898,285
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Other receivable

Unsecured - Considered good

- Javedan Corporation limited - a related party	3,125,917	3,125,917
- Arif Habib Dolmen City REIT scheme - a related party	-	1,333,333
- Vision View (Private) Limited	1,835,000	1,835,000
- Arif Habib Consultancy (Private) Limited	227,222	227,222
- Arif Habib Real Estate Services (Private) Limited	53,675	31,725
- Others	55,883	72,609
	<u>5,297,697</u>	<u>6,625,806</u>
	<u>5,936,325</u>	<u>7,524,091</u>

12 **SHORT TERM INVESTMENT**

Investments in Dolmen City REIT Scheme

- measured at fair value through Profit or loss	12.1	82,044,000	84,288,600
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Investment in Marginal Trading System	12.2	614	614
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	<u>82,044,614</u>	<u>84,289,214</u>
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- 12.1 *Investment at fair value through profit or loss*

December 31 June 30

2020 2020

-----Number of units-----

<u>7,740,000</u>	<u>7,740,000</u>	Dolmen City REIT (a related party)	<u>82,044,000</u>	<u>84,288,600</u>
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	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Amount in Rupees	
12.1.1 Unrealized loss on remeasurement of short term investments as of the reporting date		
Market value of the investments	82,044,000	84,288,600
Cost of the investments	78,061,550	78,061,550
	<u>3,982,450</u>	<u>6,227,050</u>

12.2 Arif Habib Limited - an associated company

Marginal Trading System (MTS)	<u>614</u>	<u>614</u>
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13 CASH AND BANK BALANCES

Cash in hand	18,340	12,060
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Cash at Bank

- in saving account	13.1	110,515,575	114,588,985
- in current account		128	128
		<u>110,515,703</u>	<u>114,589,113</u>
		<u>110,534,043</u>	<u>114,601,173</u>

13.1 These carries markup at the rates ranging from 2.79% to 6.6% (30 June 2020 : 3.0% to 6.5%) per annum.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Amount in Rupees	
14 ACCRUED EXPENSES AND OTHER PAYABLES		
Preliminary expenses payable	522,410	522,410
Withholding taxes payable	31,815	153,758
Accrued expenses	14.1	1,014,714
Sales tax payable	3,121,677	736,775
Finance cost payable on lease liability	224,148	264,512
	<u>4,914,764</u>	<u>4,968,007</u>

14.1 It includes Rs.0.14 million (June 30, 2020 : Rs. 0.255 million) payable to Rotocast Engineering, a related party of the Company.

15 CONTINGENCIES AND COMMITMENT

There were no contingencies and commitments as at 31 December 2020.

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Six Months Ended		Quarter Ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees			

16 OPERATING REVENUE - NET

REIT management fee	42,850,278	52,657,650	25,235,058	26,476,002
REIT advisory fee	8,475,000	-	8,475,000	-
	51,325,278	52,657,650	33,710,058	26,476,002
Less: sales tax	(5,904,677)	(6,057,960)	(3,878,147)	(3,045,912)
	45,420,601	46,599,690	29,831,911	23,430,090

17 ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	21,357,310	19,249,345	10,951,221	10,022,754
Legal and professional	1,160,334	1,069,813	721,950	644,613
Communication	265,499	234,627	123,878	108,529
Travelling expense	1,418,057	1,697,365	1,306,556	1,119,698
Office maintenance charges	907,395	1,124,151	464,931	542,273
Printing and stationery	216,390	183,310	177,690	87,550
Insurance	1,260,107	459,403	612,732	265,039
Depreciation	1,299,333	1,293,364	659,570	560,885
Amortization	1,595	2,382	798	1,191
Auditor's remuneration	330,500	232,500	168,250	95,000
Others	1,074,726	1,331,651	218,299	641,186
Director meeting fee	650,000	950,000	200,000	250,000
Training and membership expenses	155,000	305,100	-	301,200
Professional tax	40,644	54,044	13,548	28,342
Donation	250,000	340,000	250,000	40,000
	30,386,890	28,527,055	15,869,423	14,708,260

18 OTHER INCOME

Mark-up on bank deposit	3,210,796	3,888,483	1,559,595	2,973,855
Dividend income	3,483,000	5,263,200	1,935,000	2,709,000
	6,693,796	9,151,683	3,494,595	5,682,855

19 TAXATION

Current tax	6,079,747	7,019,711	3,804,681	3,797,563
Prior	(417,933)	-	(417,933)	-
	5,661,814	7,019,711	3,386,748	3,797,563
Deferred	(997,205)	2,866,606	(777,091)	3,182,197
	4,664,609	9,886,317	2,609,657	6,979,760

20 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 carried out with related parties if not disclosed elsewhere in these financial statement are as follows:

	(Un-audited)	
	31 December 2020	31 December 2019
Transaction during the period:	— Amount in Rupees —	
Rotocast Engineering Company (Private) Limited - (Associate company due to common directorship)		
Rent expense / payment	1,381,578	1,381,578
Payment of common shared expenses	911,455	1,174,336
Common shared expenses	829,055	1,029,152
Administration charges	78,340	94,999
Payment of administration charges	111,700	108,754
Office Insurance	78,576	61,128
Dolmen City REIT - (A scheme managed by Arif Habib Dolmen REIT Management Limited)		
Receipt of dividend	3,483,000	5,263,200
Receipt of expenses	1,333,333	1,200,000
Purchase of units	-	59,294,750
Arif Habib Real Estate Services (Private) Limited - (Associate company due to common directorship)		
Expenses paid	21,950	25,500
Arif Habib Limited - (Associate company due to common directorship)		
Brokerage commission paid	-	250,600
Arif Habib Consultancy (Private) Limited - (Associate company due to common directorship)		
Expenses paid	-	871,669
MCB Arif Habib Savings & Investment Limited - (Associate company due to common directorship)		
Employer's VPS contribution paid	1,358,076	1,244,017

21 IMPACT OF COVID-19

The Management fee of the REIT Management Company is dependent on Net Operating Income of the Dolmen City REIT scheme. Since the Net Operating Income of the Scheme has decreased due to rental waivers as explained below, the management fee has also declined.

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In Pakistan, the businesses in general and retail sector in particular is facing an unprecedented challenge arising out of situation due to COVID-19. Initially, it was expected to be a short term aberration. However, the situation has not only persisted for far longer than anticipated but also the associated uncertainties continue unabated. The Government's decision to shut down shopping malls from March 18, 2020 till May 19, 2020, has aggravated the difficulties faced by Mall tenants. These businesses, while complying with the Government's directives have lost their entire revenue stream from these retail outlets. Similarly, amidst this pandemic, a number of office-building tenants are promoting the culture of work-from-home and considering it unsafe to return to office premises as per their health and safety standards. Even when the Malls were allowed to reopen, tenants were not able to restore their businesses fully and their sales were significantly impacted due to curbs and SOP's placed by the provincial government.

Tenants at both the Dolmen City Mall and the Harbour Front office buildings were provided with rental waivers from month to month after carefully assessing the overall situation. Consequently, the Scheme has continued to provide waivers to its tenants which resulted in decrease of rental income approximately by Rs. 277 million during the six months period ended December 31, 2020. Consequently the corresponding decline in management fee of REIT Management Company is Rs. 8.31 million.

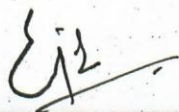
22 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 20 JAN 2021 by the Board of Directors of the Company.

23 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

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CHIEF EXECUTIVE



DIRECTOR