

Pace (Pakistan) Limited

Annual Report 2019



PACE 
Building the Future
Building Pakistan

VISION

Our vision is to build a future wherein the Pace Group is a household name across the country and is known worldwide for development and marketing of a fine living as well as shopping environment with heights quality unmatched value-for-money.

OUR PRINCIPLES

We are a Real Estate Development Company committed to achieving the highest industry standards and personal integrity in dealing with our customers, clients, professionals, employees, and the communities we work in.

MISSION STATEMENT

Formed in 1992, Pace Pakistan's principal mandate is to acquire, develop, sale and manage real estate assets located in major urban environments where real estate demands have increased sharply due to lifestyle changes.

This increased demand together with the real estate expertise from Pace defines the vision and the road map for the Company's future. Pace has and will continue to pursue residential, commercial and mixed-use transactions based on these principles with always an eye on strong community relations and integrity.

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Pace (Pakistan) Limited

Company Information

Board of Directors

Shehribano Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehryar Ali Taseer	Non-Executive
Rema Husain Qureshi	Non-Executive
Kanwar Latafat Ali Khan	Non-Executive
Malik Farhan Hasan	Independent

Chief Financial Officer

Amir Hafeez

Audit Committee

Malik Farhan Hasan (Chairman)
Shehribano Taseer
Rema Husain Qureshi

Human Resource and Remuneration (HR&R) Committee

Malik Farhan Hasan (Chairman)
Aamna Taseer
Kanwar Latafat Ali Khan

Company Secretary

Sajjad Ahmad

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisers

M/s. Imtiaz Siddiqui & Associates

Bankers

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silkbank Limited
Soneri Bank Limited
Pair Investment Company Limited
The Bank of Punjab
United Bank Limited

Registrar and Shares Transfer Office

Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial Model Town, Lahore
Tele: + 92-42-5839182

Registered Office/Head Office

2nd Floor, Pace Shopping Mall
Fortress Stadium, Lahore Cantt
Lahore, Pakistan
☐ (042)-36623005/6/8
Fax: (042) 36623121, 36623122

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Shareholders of Pace (Pakistan) Limited (“the Company” or “Pace”) will be held on Monday 28 October 2019 at 11:30 a.m. at 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, the Registered Office of the Company, to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on 27 November 2018;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2019 together with the Chairman’s Review, Directors’ Report and Auditors’ reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2020 and to fix their remuneration;

4 Special Businesses

TO CONSIDER AND IF DEEMED FIT, PASS THE FOLLOWING “SPECIAL RESOLUTIONS” WITH OR WITHOUT MODIFICATIONS TO MAKE INVESTMENTS IN ASSOCIATED COMPANY IN ACCORDANCE WITH PROVISIONS OF THE COMPANIES ACT, 2017

“RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to take all necessary steps to make investments in the Share Capital of Ever Green Water Valley (Pvt.) Limited up to the extent of Rs. 55.00 million (Rupees fifty five million only) by way of an acquisition of 715,400 shares having a par value of Rs. 100.00 million from First Capital Securities Corporation Limited an associated company, in accordance with the provisions of section 199 of the Companies Act, 2017 on such terms and conditions to be authorized by the Board of Directors of the Company. Further, the Chief Executive of the Company is also authorized to disinvest such investments, from time to time on such terms and conditions as to be authorized by the Board of Directors of the Company:

“RESOLVED FURTHER THAT the above authority shall remain in-force until revoked by the shareholders of the Company”.

“RESOLVED FURTHER THAT the Chief Executive officer/the Company Secretary of the Company be and is hereby authorized to complete any or all necessary required corporate and legal formalities for the completion of subject investment. Chief Executive officer is also authorized to delegate any of his powers to any person in respect of the above as she/he may deem appropriate”.

By order of the Board

Sajjad Ahmad
Company Secretary

Lahore:
07 October 2019

Notes:

- 1) The Members Register will remain closed from 21 October 2019 to 28 October 2019 (both days inclusive). Transfers received at Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on 20 October 2019 will be considered in time for the purpose of Annual General Meeting.
- 2) A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference atleast 10 days prior to the date of the meeting, the Company will arrange video conferencing facility in that city subject to availability of such facility in that city.

- 3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.

Pursuant to Companies (Postal Ballot) Regulations, 2018 the right of vote through postal ballot may be provided to the members pursuant to the section 143 and 144 of the Companies Act, 2017.

- 4) a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.

b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.
- 5) In compliance with SECP notification no. 634/(I)/2014 dated 10 July 2014, the Company has placed the Audited Annual Financial Statements for the year ended 30 June 2019 along with Auditors and Directors Reports thereon on its website: www.pacepakistan.com
- 6) In pursuance of SECP notification S.R.O. 787 (I) 2014 dated 08 September 2014, the

companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.pacepakistan.com

- 7) In pursuance of SECP notification S.R.O # 470(I)2016/ dated 31 May 2016, the Company has sent information regarding Annual audited Accounts of the Company to the shareholders in soft form i.e. CD. However, the Company will supply the hard copy of the Annual Audited Accounts to the Shareholders on demand, at their registered addresses, free of cost, within one week of such demand. The Company has placed on its website a standard request form, to communicate their need of hard copies instead of soft form.
- 8) Members are requested to notify any change in their registered address immediately.

STATEMENT UNDER SECTION (3) OF SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 28 October 2019.

INVESTMENT IN EVER GREEN WATER VALLEY (PVT) LIMITED ("EGWV")

The Board of Directors of the Company has made a decision on 05 October 2019 to authorize CEO of the Company to make long term investment in the share capital of Ever Green Water Valley (Pvt.) Limited ("EGWV" or Evergreen) up to the extent of Rs. 55,000,000 (Rupees fifty five million only), in accordance with the provisions of Section 199 of the Companies Act, 2017 on such terms and conditions to be authorized by the Board of Directors of the Company. The Board also decided to authorize CEO of the Company to disinvest such investments, from time to time as and when considered appropriate on terms and conditions to be authorized by the Board of Directors of the Company.

EGWV was incorporated on 22 December 2005 and is currently registered with Pakistan Engineering Council (Category C-2); EGWV is carrying on the activities of providing the state of the art, leading edge, high quality construction (civil works) and water purification systems across the country under the supervision of qualified team of professionals in all areas of civil engineering, material engineering, management, Information Technology, Human Resources and finance. Over the period Evergreen has become a single source company with capability to specify, Engineering Design, Assemble, Install, Commission, and after sale services of water treatment solutions & construction of multi storied buildings. Evergreen's Management Team is engaged in Complete Construction (Structural work and Finishing works) of Shopping Malls, Housing Schemes and structural work of Commercial buildings.

EGWV is wholly owned subsidiary of First Capital Securities Corporation Limited ("FCSC"), an associated undertaking, which holds 100% shareholding i.e. 715,400 shares (seven hundred fifteen thousand and four hundred only) of Rs. 100 each of EGWV.

The registered office of EGWV is 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt., Lahore. The existing Authorized Share Capital of EGWV is Rs. 150,000,000 divided into 1,500,000 ordinary shares of Rs.100/- each. The issued, subscribed and paid up capital is Rs. 71,540,000/-

divided into 715,400 ordinary shares of Rs.100/- each. The break up value per share is Rs. 71.83/- as per latest Audited financial statements of EGWV as at 30 June 2019. The fair value per share of EGWV is Rs. 25.33/- as at 30 June 2019. The Company shall acquire the entire shareholding of EGWV from FCSC at a fair value on the date of acquisition, to be determined in accordance with law.

The management of the Company has approached FCSC to acquire the complete shareholding of EGWV as its operations are more like Pace's operations being a real estate marketing and development company.

The equity investment in EGWV shall be made from the available cash resources and / or the future internal cash generations of the Company. The Company will acquire the 100% shareholding in EGWV, thereby making a wholly owned subsidiary. EGWV will be engaged in construction and development of the Company's projects and other projects depending upon the operational capacity of EGWV.

EGWV is in process of expansion and has identified certain real estate projects. EGWV is also in process of obtaining a Convertible loan up to an extent of Rs. 1.00 billion (Rupees one billion only) for investments in upcoming proposed real estate projects.

The benefits likely to accrue to the Company shall include income on equity investment in the shape of dividends and capital gains. All the benefits accrued to EGWV, through growth in its business operations will become part of the returns of the Company and its shareholders

The Company is fully authorized by its Memorandum of Association to make such investment. The investment would be made at such time(s), as the Chief Executive may think appropriate on behalf of the Company and would disinvest(s) as and when appropriate. The Chief Executive of the Company or the Company Secretary are also authorized to take all the necessary corporate and legal formalities in connection with the proposed investment where required.

THE INFORMATION REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017:

(i)	Name of the associated company or associated undertaking	Ever Green Water Valley (Pvt.) Limited,		
(ii)	Basis of relationship	Common Management/Control		
(iii)	Earnings per share for the last three years	June 2017	2018	2019
		PKR 14.41	7.31	(42.26)
(iv)	Break-up value per shares, based on latest financial statements as at 30 June 2019	PKR 71.83 per share		
(v)	Financial Position, including main items of statement of financial position and profit & Loss account on the bases of latest financial statements; and	Share Capital & Reserves PKR 51.383 million		
		Non-Current Liabilities PKR 326.235 million		
		Current Liabilities PKR 507.240 million		

Non-Current Assets PKR
299.607 million
Current Assets PKR 585.252
million
Gross Loss PKR 18.403 million
Loss for the year PKR 30.230
million

- (vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information;

- (I) Description of the project and its history since conceptualization;
- (II) Starting date and expected date of completion of work;
- (III) Time by which such project shall become commercially operational;
- (IV) Expected time by which the project shall start paying return on investments and ;
- (V) Funds invested or to be invested by the promoters, sponsors, associated company or undertaking distinguishing between cash and non-cash amounts.

Maximum amount of investment to be made
Purpose, benefits likely to accrue to the investing company its members from such investment and period of investments;

Sources of funds to be utilized for investment;

Salient features of the agreement(s), if any with associated company or associated undertaking with regards to the proposed investment;

Direct or indirect interest of Directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

In case any investment in associated company or associated has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and;

Any other important details necessary for the members to understand the transaction

Maximum price at which securities will be acquired

Not applicable

PKR 55.00 million only
Utilization of the Company's available/future cash resources for better prospective returns to shareholders

Available cash resources and/or future internal cash generation from the operations of Company

Not applicable

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings

Not applicable

New Equity Investment in Associated Company
At fair value on the date of acquisition to be determined in accordance with law.

In case the purchase price is higher than market value in the case of listed entity and fair value in case of unlisted securities, justification thereof;	The purchase price will be not more than fair value of shares to be determined on the date of acquisition .The CEO is being authorized to negotiate terms and conditions of the investment and Board of Directors has to approve it in the best interest of the Company .
Maximum number of securities to be acquired	715,400 shares of Rs.100.00 each
Number of securities and percentage thereof held before and after the proposed investment;	Before =nil = 0% After =715,400= 100.00% wholly owned subsidiary
Fair value determined in terms of sub regulation (1) of regulation 05 for investments in unlisted securities.	At Rs. 25.33/- per share as at 30 June 2019

INSPECTION OF DOCUMENTS

Copies of the Memorandum and Articles of Association, Statement under section 134(3) of the Companies Act, 2017, latest pattern of shareholding and variation in shareholding of the shareholders, having 10% or more in the Company during the last six months, financial projections/plan of the Company and investee company, audited annual accounts for theS last three years along with latest half yearly and quarterly accounts, utilization of funds and benefit arisen to the company and its shareholders, all other related information of the Company may be inspected during the business hours at the Registered Office of the Company from the date of the publications of the this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

All the directors of the Company including the Chief Executive and their relatives (if any) are interested to the extent of their shares that are held by them. The effect of the resolutions on the interest of these directors including the Chief Executive and their relatives (if any) does not differ from its effect on the like interest of other shareholders. They have no other interest in the special business and / or resolutions except as specified herein.

پیس (پاکستان) لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

نوٹس پڑھے مطلق کیا جاتا ہے کہ پیس (پاکستان) لمیٹڈ ("کمپنی") کے حصص داران کا اٹھائیسواں (28واں) سالانہ اجلاس عام بروز پیر، 28 اکتوبر، 2019 کو بوقت 11:30 بجے دن کمپنی کے جنرل آفس واقع دوسری منزل، بیچن شاہنگ مال، بوٹریس اسٹیلیم، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور

- 27 نومبر 2018 کو منعقدہ سالانہ اجلاس عام کی رپورٹ اور ایک توثیق کرنا۔
- 30 جون 2019 کو اگلی سال کے لیے مالیاتی سال کے لیے کمپنی کی پانچواں سالانہ مالیاتی رپورٹس کے مندرجہ ذیل امور پر بحث کے لیے منعقد ہوگا۔
- 30 جون 2020 کو اگلی سال کے لیے مالیاتی سال کے لیے کمپنی کے آڈیٹ کی تقرری اور ان کا مشاہیر و سٹے کرنا۔
- خصوصی امور

زیر غور امور کا مناسب ہو سکتا ہوگا

"قرار پایا کہ کمپنی کا چھپاؤ ایکٹائیوٹیز ایکٹ 2017ء کے سیکشن 199 اور بورڈ آف ڈائریکٹرز کی مجوزہ شرائط و ضوابط کے تحت 100.00 روپے فی حصص قیمت پر متعلقہ کمپنی فرسٹ کیپٹل سکیورٹیز کارپوریشن لمیٹڈ سے 715,400 حصص حاصل کر کے 55.00 ملین روپے (پچاس ملین روپے صرف) تک اپگرین وارفز ملی (پرائیویٹ) لمیٹڈ کے سرمایہ حصص میں سرمایہ داری کے لئے تمام ضروری اقدامات اٹھانے کا مجاز ہے۔ مزید یہ کہ کمپنی کا چھپاؤ ایکٹائیوٹیز بورڈ آف ڈائریکٹرز کی مجوزہ شرائط و ضوابط کے تحت ایسی سرمایہ داری کو دیکھ کر سٹے کرنا ہے۔

"مزید قرار پایا کہ کمپنی کے حصص داران کی جانب سے مندرجہ ذیل ایکٹائیوٹیز بل عمل، ہے گا۔"

"مزید قرار پایا کہ چھپاؤ ایکٹائیوٹیز/کمپنی بکری مڈور سرمایہ داری کو پانچویں تک سب سے پہلے پانچ کے لئے تمام کاروباری و قانونی تقاضوں کو پورا کرنے کا مجاز ہوگا۔ چھپاؤ ایکٹائیوٹیز مڈور سرمایہ داری کے تاخیر میں حسب ضرورت کسی بھی شخص کو اپنے اختیارات منسپ کرتا ہے۔"

کمپنی ایکٹ 2017ء کے سیکشن (3) 134 کے تحت خصوصی امور پر جاننا اجلاس کے نوٹس کے سرورس حصص داران کو سال کو دیا گیا ہے۔

بجیم بورڈ

سجاد احمد

کمپنی سیکریٹری

لاہور

107 اکتوبر، 2019ء

مدرجات:

- 1) اراکین کارڈز 21 اکتوبر، 2019ء سے 28 اکتوبر، 2019ء تک (قبول و بیلوایم) بند رہے گا۔ 20 اکتوبر، 2019ء کو کارپ (پرائیویٹ) لمیٹڈ، گزٹ آرڈر، 1-K-1، بکرسٹل ماڈل ٹاؤن، لاہور، کمپنی کے رجسٹرڈ اور شیئر ٹرانسفر دفتر کا رویہ جاری ہوگا۔
- 2) بندہ سٹیک ہولڈرز ٹرانسفر کو سالانہ اجلاس عام کے لئے بر وقت منظور کیا جائے گا۔
- 3) اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کے لئے کسی دوسرے رکن کا پناہ نامہ یا پراسیڈر کر سکتا ہے۔ مؤخر کرنے کے لئے اجلاس کے انعقاد سے 48 گھنٹے قبل پراسیڈر کمپنی کے جنرل آفس کو موصول ہو جائیگا۔
- 4) اگر کمپنی اجلاس کے انعقاد سے (10) ایم قبل دو روزہ مقام پر ہائیکس پیر 10 فی صد یا ڈائریکٹرز ہولڈنگ کے حامل رکن سے ویڈیو کنفرس کے ذریعے اجلاس میں شرکت کا راضی نامہ وصول کرتی ہے تو کمپنی اس شہر میں ویڈیو کنفرس سہولت کی دستیابی کی صورت میں اس سہولت کا انتظام کرے گی۔
- 5) جائزہ ہونے کی فرض ہے پراسیڈر، مندرجہ نامہ یا دیگر تھارٹی جس کے تحت یہ سائن ہوا گیا ہو یا کمپنی کے مرکزی دفتر واقع دوسری منزل، بیچن شاہنگ مال، بوٹریس اسٹیلیم، لاہور، کمپنی کے انعقاد سے 48 گھنٹے قبل پہنچ جاتا ہے۔
- 6) کمپنی (پول سٹیک) قواعد، 2018ء کے تحت پول سٹیک کے ذریعے ووٹ کرنے کا اختیار کمپنی ایکٹ 2017ء کے سیکشن 143، 144 کی جی وی میں اراکین کو فراہم کیا جاسکتا ہے۔
- 7) (a) اجلاس میں شرکت اور ووٹ کرنے کے اہل CDC کے واحد جینیٹیکل اور ڈیٹا بیٹس شایعہ ثابت کرنے کے لئے شرکت آئی ڈی اور کارڈز/ڈیٹا کاؤنٹ نمبر بمقامی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد کا متن، نامہ، نمونہ کے تحت (اگر پہلے ہی نہیں کر لیا گیا ہے) اجلاس میں شرکت کے وقت پیش کرنا ہوگا۔
- 8) (b) پراسیڈر کے لئے، CDC کے واحد جینیٹیکل اور ڈیٹا بیٹس شایعہ ثابت کرنے کے لئے شرکت آئی ڈی اور کارڈز/ڈیٹا کاؤنٹ نمبر بمقامی CNIC یا پاسپورٹ کی تصدیق شدہ نقل کے ساتھ پراسیڈر کو فراہم کرنا ہوگا۔ دو افراد پراسیڈر کی تصدیق کریں گے جبکہ ان کے نام، پتہ اور CNIC نمبر اس پر درج ہوگا۔ اجلاس کے موقع پر پراسیڈر یا اس کی جگہ پر CNIC یا پاسپورٹ پیش کریں گے۔ کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا متن، نامہ، نمونہ کے تحت (اگر پہلے ہی نہیں کر لیا گیا ہو) پراسیڈر کی تصدیق کرنا ہوگا۔
- 9) مؤخر 10 جولائی 2014ء کے، SEC P کے مراسلہ نمبر 2014/II) 634 کی جی وی میں کمپنی نے 30 جون 2019ء کو اختتام پزیر سال کے لئے پڑتا سالانہ مالیاتی رپورٹس کے مندرجہ ذیل امور ڈائریکٹرز کی رپورٹ کمپنی کی ویب سائٹ www.pacepakistan.com پر شائع کر دی ہے۔
- 10) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SEC P") کے مؤخر 08 ستمبر 2014ء کے مراسلہ نمبر 2014/II) 787 SRO کی جی وی میں تمام کمپنیوں کو اپنی سالانہ رپورٹس اور تفصیلات کے کارڈز، آڈیٹ اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی رپورٹس) بعد نوٹس سالانہ اجلاس عام (نوٹس) کمپنی کے اراکین کو بذریعہ ای میل ارسال کرنے کی اجازت ہے۔ یہ رپورٹ حاصل کرنے کے خواہشمند اراکین مطلوبہ معلومات فراہم کر سکتے ہیں جس کے لئے فارم کمپنی کی ویب سائٹ www.pacepakistan.com سے ڈاؤن لوڈ کیا جاسکتا ہے۔
- 11) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SEC P") کے مؤخر 31 مئی 2016ء کے مراسلہ نمبر 2016/II) 470 SRO کی جی وی میں کمپنی نے پڑتا سالانہ شدہ کھاتوں کی تفصیلات پزیر پزیر ڈی آر ایس کی فراہم کر دی ہیں۔ تاہم، کمپنی مطالبہ پر ایک ہفتہ کے اندر سالانہ پڑتا سالانہ شدہ کھاتوں کی کٹنگز نقل حصص داران کے رجسٹرڈ پتہ پر بائیل منٹ فراہم کرے گی۔ کمپنی نے اپنی ویب سائٹ پر معیاری درخواست فارم شائع کر دیا ہے۔ تاکہ وہ برقی صورت کی بجائے کٹنگز کی نقل میں اپنے مطالبہ پر عمل کر سکیں۔
- 12) اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی کی صورت میں فوری آگاہ کریں۔

Pace (Pakistan) Limited

Chairman's Review

A Review Report by the Chairman on Board's overall performance and effectiveness of role played by the Board in achieving the Company's objectives u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors (the "Board") of Pace (Pakistan) Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended 30th June 2019, and on behalf of Board I am pleased to report that:

- The Board of Directors ("the Board") of Pace (Pakistan) Limited (Pace) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner.
- The Board of Pace is highly professional and experienced people. They bring a vast experience from different businesses including the independent directors. All board members are well aware of their responsibilities and fulfilling these diligently.
- The Board has adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the three directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through

Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the director report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;

I would like to place on record with thanks and appreciation to my fellow directors, shareholders, management and staff for their continued support in very challenging operating conditions. I look forward for more future success for the Company.

Lahore
Dated: 04 October 2019

Shehrbano Taseer
Chairman

نظر ثانی رپورٹ منجانب چیئرمین

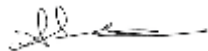
مجموعی کارکردگی پر چیئرمین کی نظر ثانی رپورٹ

کوڈ آف کارپوریٹ گورننس کے تحت بورڈ آف ڈائریکٹرز ("بورڈ") کی جانب سے ہیں (پاکستان) لمیٹڈ ("کمپنی") کی سالانہ تقویم کی جاتی ہے۔ اس تقویم کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اثر کو جانچا جائے اور کمپنی کے لئے طے گئے مقاصد کی مد میں توقعات پر پورا اتر جائے۔ ایسے شعبے جہاں بہتری کی ضرورت ہے کو حسب ضابطہ مد نظر رکھا گیا ہے اور حتمی منصوبے بنائے گئے ہیں۔

میں 30 جون، 2019ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کر رہی ہوں!

- ✓ ہیں (پاکستان) لمیٹڈ (PACE) کے بورڈ آف ڈائریکٹرز ("بورڈ") نے شیئرز ہولڈرز کے بہترین مفاد کو برقرار رکھنے کے لئے اپنے فرائض اور کمپنی کے امور کو مؤثر اور تسلی بخش انداز میں دلجمعی سے سرانجام دیا ہے۔
- ✓ PACE کا بورڈ انتہائی پیشہ ور اور تجربہ کار افراد پر مشتمل ہے۔ انہوں نے مختلف امور بشمول آزاد ڈائریکٹرز کے وسیع تجربے کو بروئے کار لایا ہے۔ بورڈ کے تمام اراکین اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں اور انہیں دلجمعی سے ادا کر رہے ہیں۔
- ✓ بورڈ کو غیر انتظامی اور آزاد ڈائریکٹرز اور ان کی کمیٹیوں کی ضابطہ کے تحت مناسب معاونت حاصل ہے اور یہ کہ بورڈ کے اراکین اور اس کی متعلقہ کمیٹیوں کے پاس کمپنی کے امور کو چلانے کے لئے موزوں مہارت، تجربہ اور علم موجود ہے۔
- ✓ بورڈ نے یہ یقینی بنایا ہے کہ اپنے فرائض کو بخوبی سرانجام دینے کے لئے ڈائریکٹرز کو آگہی کورسز فراہم کرے۔ اور یہ کہ دو ڈائریکٹرز نے ڈائریکٹرز ٹینگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لی ہے اور باقیہ ڈائریکٹرز ضابطہ کی اہلیت اور تجربہ کے معیار پر پورا اترتے ہیں۔
- ✓ بورڈ نے آڈٹ اور ہیومن ریسورس اور مشاہرہ کمیٹی تشکیل دی ہے اور ان کی متعلقہ ٹرمز آف ریفرنس کو منظور کیا ہے۔ اور مناسب وسائل مقرر کئے ہیں تاکہ کمیٹیاں اپنے فرائض خوش دلی سے سرانجام دے سکیں۔
- ✓ بورڈ نے یہ یقینی بنایا ہے کہ بورڈ اور اس کی کمیٹیوں کے اجلاس مطلوب کورم کے ساتھ منعقد کئے جائیں، تمام فیصلہ سازی بورڈ کی قراردادوں کے ذریعے کی جائے اور تمام اجلاسوں کی کارروائیاں (بشمول کمیٹی کی کارروائیاں) مناسب طریقے سے ریکارڈ کی جاتی ہیں اور انہیں برقرار رکھا جا رہا ہے۔
- ✓ بورڈ نے حکمت عملی کے عمل، انٹرنل کنٹرول سسٹم، پالیسی ڈیولپمنٹ اور مالیاتی سٹرکچر، نگرانی اور منظوری میں مستعدی سے حصہ لیا ہے۔ سال کے دوران تمام نمایاں معاملات کو بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیا گیا تاکہ کاروباری فیصلہ سازی کے عمل کو مضبوط اور منظم کیا جائے۔ اور خاص طور پر آڈٹ کمیٹی کی سفارشات پر کمپنی کی جانب سے تمام متعلقہ پارٹی کے لین دین کو بورڈ نے منظور کیا۔
- ✓ بورڈ نے یہ یقینی بنایا کہ انٹرنل کنٹرول کا مناسب نظام اس وقت قابل عمل ہے اور خود تشخیصی کے نظام اور/یا اندرونی آڈٹ سرگرمیوں کے ذریعے لگاتار اسسٹمنٹ کی جارہی ہے۔
- ✓ بورڈ نے ڈائریکٹرز رپورٹ تیار اور منظور کی ہے اور یقینی بنایا ہے کہ ڈائریکٹرز کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی اسٹیشن کے ساتھ شائع کی جائے اور ڈائریکٹرز رپورٹ کے مندرجات لاگو قوانین اور ضوابط کے عین مطابق ہیں۔
- ✓ بورڈ نے اپنے اختیارات کا استعمال بورڈ کو عائد کئے گئے اختیار کے مطابق اور کمپنی پر لاگو متعلقہ قوانین اور ضوابط کی روشنی میں ہی کیا ہے۔ اور بورڈ نے ڈائریکٹرز کے طور پر اپنے طرز عمل، اپنے اختیارات کے استعمال اور فیصلہ سازی میں لاگو قوانین و ضوابط کی تعمیل کو ہمیشہ ترجیح دی ہے۔
- ✓ بورڈ نے خدمات حاصل کرنے، تنفیض کرنے، چیف ایگزیکٹو آفیسر اور دیگر اہم ایگزیکٹو بشمول چیف مالیاتی افسر، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ کے معاوضے کو یقینی بنایا ہے۔
- ✓ بورڈ نے یقینی بنایا ہے کہ اراکین کو معقول معلومات کی فراہمی بروقت کی جاتی ہے اور بورڈ کے اراکین کے اجلاسوں کے درمیانی عرصہ میں ارتقاء آگاہ رکھا جاتا ہے۔

میں آپریشنز کے ان سخت حالات میں اپنے ساتھی ڈائریکٹرز، شیئرز ہولڈرز، مینجمنٹ اور عملہ کی مسلسل حمایت کی شکر گزار ہوں اور انہیں قدر کی نگاہ سے دیکھتی ہوں۔ میں مستقبل میں کمپنی کی کامیابی کے لئے پُر امید ہوں۔



شہر بانو تاثیر
چیئرمین

لاہور

04 نومبر 2019ء

Pace (Pakistan) Limited (“the Company” or “Pace”)

Directors’ Report (Year Ended June-2019)

General Economic Overview

Pakistan’s economy continued to grow in Financial Year 2019 (“FY19”), reaching 5.8 percent. Growth was driven by higher consumption demand, fueled by accommodative fiscal and monetary policies; resulting in widening macroeconomic imbalances. Current account deficit (CAD) reached 6.1 percent of GDP in FY18, up from 4.1 percent in FY17. The widening CAD reflects the growing trade deficit as exports struggled to catch up with steady acceleration in imports due to high domestic demand. Fiscal deficit widened to 6.6 percent (excluding grants) in FY18, reversing fiscal consolidation efforts in previous years. The main reasons for the fiscal slippage was a large increase in recurrent spending together with low revenue growth (non-tax revenues).

The new government took steps to address these imbalances, but outcomes by mid-year suggest that further adjustments will be necessary. Leading indicators for real sector activity suggest a contraction in demand. Large scale manufacturing, which accounts for 65 percent of overall industrial output, contracted by 2.3 percent between July-January FY19. In agriculture, four of the five major crops have witnessed a y-o-y decline in production, due to water shortages and a decline in production area. The exchange rate has continued to depreciate, with a cumulative depreciation of 13.6 percent between July 2018 and March 2019. As a result of exchange rate depreciation, demand side pressures and higher fuel prices, inflationary pressures have increased, and average headline inflation reached 6.8 percent in the period between July 2018 and March 2019 (as compared to 3.8 percent in the same period last year). In response to higher inflationary pressures, the State Bank of Pakistan has increased the policy rate by a cumulative 425 bps to 10.75 percent since July 2018.

Current Account Deficit (CAD) reached 3.3 percent of GDP in Jul-Feb FY19 compared to 3.7 percent in Jul-Feb FY18. Overall imports contracted by 1.6 percent (y-o-y) but exports also declined by 0.1 percent (y-o-y) in spite of the exchange rate depreciation. Over the same period, remittances experienced healthy growth, but foreign direct investment declined. By mid-January international reserves had fallen to US\$6.6 billion (or 1.3 months of imports). With short term financing from the Kingdom of Saudi Arabia, United Arab Emirates and China reserves increased to US\$10.5 billion (or 2.0 months of imports) by end-March 2019. Meanwhile, the government continues to negotiate a support package with the International Monetary Fund. Large increases in debt servicing and defense expenditures resulted in higher fiscal deficit in H1-FY19 which reached 2.7 percent of GDP (compared to 2.2 percent in H1-FY18). The FY19 fiscal deficit is projected between 6.8-7.0 percent of GDP, a slippage of 2.7-2.9 percentage points compared to the budgeted target.

The projected poverty rate is expected to continue declining in FY19. Poverty head-count measured using the \$1.90 international poverty line is estimated at 3.1 per-cent for FY19, down from 4 percent in 2015 (the most recent official numbers). Poverty at the \$3.2 poverty line is estimated to have fallen by approximately 3.4 percentage points to 31.3 percent during the same period; and using the \$5.5 poverty line to 72.6 percent (a 2.8 percentage points decline since 2015).

Growth is projected to decelerate in FY19 and FY20, as the government tightens fiscal and monetary policies. As macroeconomic conditions improve, and a package of structural reforms in fiscal management and competitiveness is implemented, growth is expected to

recover from FY21 onwards. Together with the macroeconomic adjustments, there is an urgent need to implement structural reforms to support the growth rebound. Reforms to put the country on a stable growth path include increased exchange rate flexibility, improved competitiveness and lower cost of doing business. On the revenue front, reforms to improve tax administration, widen the tax base and facilitate tax compliance are critical.

Real Estate Overview

Pakistan's real estate sector is contributing nearly two percent to the country's GDP. The sector contributes immensely to the wider economy and continues to provide impetus for overall national growth.

Pakistan's property market has been on an upward trend for the past decade. With a population in excess of 200 million the concentration of economic activity is limited to three major cities: Karachi, Lahore and Islamabad, and if the country is to evolve into a major economic player it needs to decentralize more of its economic activity. Currently, the housing shortage is estimated to be over nine million units with demand growing at a rate of 0.7 million new units per year. One of the main bottlenecks is the underdeveloped mortgage sector which accounts for meagre 0.5 percent of GDP. With a more accessible home loan market many more individuals and families could find the capital for their first time home. By 2025, the shortfall is predicted to swell to 20 million residential units. In order to catch up, Pakistan needs to construct one million new units each year, but the current building rate is just 150,000 per annum. For lower income families there is no option for a mortgage hence the overall housing shortage is expected to grow in the future. A World Bank report noted that the housing to finance ratio in Pakistan was one of the world's lowest at just one percent compared to 50 percent in developed nations.

Company Performance and Financial Overview

An extract of the audited results of the Company's financial performance for the year ended June 30, 2019 as against June 30, 2018 is as follows:

	Year Ended June 30	
	(Rupees in '000')	
	2019	2018
Net Sales	440,345	639,953
Cost of Sales	(346,475)	(648,102)
Gross profit/(loss)	93,870	(8,149)
Admin & Selling Expenses	(162,001)	(170,628)
Impairment loss on trade and other receivables	(8,250)	(47,331)
Other income	10,978	163,565
Other operating expenses	-	(1,026)
Finance cost	(138,311)	(114,051)
Exchange loss on foreign currency convertible bonds	(724,904)	(277,886)
Fair value gain/(Loss)	5,799	(69,830)
(Loss) before tax	(922,819)	(525,336)
(Loss) after tax	(929,252)	(537,062)
Earnings/(Loss) per share	(3.33)	(1.93)

During the financial year ending 30th June 2019 (FY-2019), the sales of the Company decreased by 31%. The Company recorded the net sales of Rs. 440.345 million as compared to Rs. 639.953 million during last year, with a decrease of Rs. 199.608 million. Significant decrease is mainly due to the sale of shops in Gujrat, Model Town Extension and

MM Alam plazas, last year of Rs. 130.439. In current period no such sale is reported. Further decrease of Rs. 19.997 and Rs. 47.173 million, are attributable to the service charges and development charges respectively.

Company's Admin and Selling expenses decreased by 5% from Rs.170.628 million to Rs.162.006 million. The decrease is on account of commission expense paid in previous period on significant sale and purchase transaction of properties.

Other operating expenses substantially decreased by 100% from Rs.1.026 million to Nil. During the year, Other Income of the Company declined from Rs. 163.565 million last year to Rs.10.978 million during current year due to profit accrued on sale of investment properties last year.

Finance Cost of Company showed a significant increase by 21 % as compared with last year, primarily due increase in KIBOR rates for the year from 7.03 % to 13.13%.

Exchange Loss on translation of Foreign Currency Convertible Bond increased from Rs 277.886 million to Rs 724.9 million owing to the devaluation of rupee against dollar (last year exchange rate of Dollar - PKR was 121.6 and current year, the rate is 164).

After incorporating the impact of aforementioned factors, the Net (Loss) After Tax (NLAT) of the Company arrived at Rs. 929.252 million during FY-2019, as compared with the Net Loss after Tax (NLAT) of Rs. 537.062 million during last year, which translated into Loss Per Share (LPS) of Rs. (3.33) for the year ended June 2019 (FY-2018: Earning per Share (EPS): Rs. 1.93 per share).

Status of Financial Obligations

The current maturity of long term loans increased to Rs. 3.786 billion as at 30th June 2019 from Rs. 3.032 billion as at 30 June 2018. Such the increase was witnessed on account of the fact that the FCCBs of the company increase by 37% on account of exchange loss on outstanding liability as mentioned above. Further the remaining amount payable to financial institutions and lenders in respect of company's borrowings is currently in overdue status because of the non-repayment of loans and accrued markup owing to the limited cash flows available to the company, however we look forward to repay our commitments and obligations towards our financial lenders in near future as the construction and sales in respect of Pace Tower has already begun. Further, the Company is in process of negotiations with lenders for settlement of their overdue liabilities.

Company's Ability to Continue as a Going Concern

At the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,923 million and the reserves of the Company have been significantly depleted. The Company has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Company has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

The management of the Company is confident that the above actions and steps shall enable the Company to realize its existing receivables, aid the sale of inventory from completed projects, and utilize the resultant liquidity for completion and sale of its Pace Towers project.

The Management of the Company is also striving to enter into settlement agreements with other Lenders of the Company, in order to improve the financial position and cash flow of the Company.

Risk Management

The Board recognizes that risk is an integral component of the business, and that it is characterized by both threat and opportunity. Pace fosters a risk aware corporate culture in all decision-making, and is committed to manage all risks in a proactive and effective manner through competent risk management. To support this commitment, risk is analyzed in order to inform the management decisions taken at all levels within the organization. Due to the limitations inherent in any risk management system, the process for identifying, evaluating and managing the material business risks is designed to manage, rather than eliminate, risk and to provide reasonable, but not absolute assurance, against material misstatement or loss. Certain risks, for example natural disasters, cannot be managed to an acceptable degree using internal controls. Such major risks are transferred to third parties in the local insurance markets, to the extent considered appropriate.

Internal Controls

The directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2019.

The board and audit committee regularly review reports of the internal audit function of the company related to the Company's control framework in order to satisfy the internal control requirements. The company's internal Audit function reviews the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

Our Commitment to Diversity

We at Pace believe in diversity, wherever we operate and across every part of our business, we strive to create an inclusive culture in which difference is recognized and valued. By bringing together men and women from diverse backgrounds and giving each person the equal opportunity to contribute their skills, experience and perspectives, we believe that we are able to develop the best solutions to challenges and deliver sustainable value for our stakeholders.

Health and Safety Measures

We are committed on achieving our goal of zero harm. This is supported by our management system which provides the framework for incorporating hazard identification, risk assessment and risk management into all aspects of the operations. Safe operations that protect our people and assets are a priority and we work systematically to mitigate risks that are critical to operating safely.

We emphasize on improved leadership engagement around safety risk and to improve our health management processes, improve our understanding of fitness for work and wellness risks within our workforce.

Occupational health and safety is a top priority at the Company. We will strive to ensure safe working conditions, equipment and work sites. The Company promotes Employee involvement and accountability in identifying, preventing and eliminating hazardous conditions and the risks of Employee injury.

Health and safety in the working environment, product quality and operating efficiency are inseparable. The Company will ensure continuous improvement in health and safety performance through close cooperation among management, Employees and unions, which will contribute to the health and safety of employees and the success of the organization.

The Company is committed to:

- make employee health and safety a priority in all aspects of management practices;
- establish, communicate and enforce, with the Employees' involvement, work site-specific rules and safe work methods;
- promote and develop the awareness, leadership and accountability of employees in health and safety through their involvement in continuous improvement processes;
- measure its health and safety performance in accordance with established standards, and communicate the results to the Employees.

Corporate Social Responsibility

The management of the Company allows various non-profit organizations to do charitable activities at the Shopping Malls of the Company i.e. distribution and display of their material and collection of charity through boxes etc.

People and Human Resource Development

Our People strategy, together with our employee commitment, forms the framework that guides how we attract, develop, engage and retain talented people, while ensuring alignment with our business strategy. In line with our Employment policy, we seek safe and effective working relationships at all levels within the Group.

We employ on the basis of job requirements and adhere to the laws pertaining to non-discrimination on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion or disability.

Our employees' diversity of skills, ideas and experiences helps to ensure that we respond innovatively and sensitively to the challenges faced across the Company. The Company's human resource development is founded on a strong set of values. The policies seek to instill spirit of trust, transparency and dignity among all employees and thus have contributed to continuous growth.

We have a full-fledged HR department that is responsible for making this all happen. We offer our employees a rounded total rewards package, the principles of which are consistent across the all levels, designed to be competitive, in compliance with all applicable laws and regulations, and appropriately balanced.

Appropriations

Keeping in view the financial constraints and requirements of the company, the board has not recommended any dividend for the year under review.

Directors' Remuneration

The aggregate remuneration of executive Directors is disclosed under note 42 of the Financial Statements of the Company. Further, the Company is not paying any remuneration to Non-Executive Directors of the Company.

Code of Corporate Governance

During the financial year 2019 "Listed Companies (Code of Corporate Governance) Regulations" have been implemented which requires certain changes in the Composition of the Board and Its Committees. The Company has changed the composition of Board committees and the Composition of the Board shall be changed in accordance with deadlines provided in new Code of Corporate Governance.

Composition of Board

The following persons, during the financial year, remained Directors of the Company:

Names	Designation
Aamna Taseer	CEO
Shehrbano Taseer	Chairman
Shehryar Ali Taseer	Director
Shahbaz Ali Taseer	Director
Rema Husain Qureshi	Director
Malik Farhan Hassan	Director
Kanwar Latafat Ali Khan	Director
Shabana Atta (Resigned)	Director

Subsequent to the year Mr. Shehryar Ali Taseer was appointed as director in place of Ms. Shabana Atta.

Total number of Directors	7
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a) Male; and	4
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b) Female:	3
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Composition:

a) Independent Directors	1
b) Other Non-Executive Directors	4
c) Executive Directors; and	2
d) Female Director	3

Committee of the board

Audit Committee

Malik Farhan Hasan (Chairman)
Miss Shehrbano Taseer (Member)
Miss Rema Husain Qureshi (Member)

**Human Resource and
Remuneration (HR&R)
Committee**

Mallik Farhan Hasan (Chairman)
Mrs. Aamna Taseer (Member)
Mr. Kanwar Latafat Ali Khan (Member)

During the year Ms. Rema Husain Qureshi was appointed as member of Audit Committee in place Ms. Shabana Atta. The Company has applied a relaxation/exemption on the qualifications of Ms. Rema Husain Qureshi, as the Board members trust she qualifies to be financial literate person.

The composition of the Board of Directors and sub committees shall be changed in due course of time as per deadlines provided in new code of Corporate Governance.

The Statement of Compliance with Code of Corporate Governance is annexed.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment. The Board of directors has recommended their appointment as auditors of the Company for the year ending June 30, 2020, at a fee to be mutually agreed.

Integrity and compliance

Maintaining a strong and ethical culture is fundamental to the way we work at Pace. We are committed to conduct our business with integrity, one of our core values, and believe our values and good ethical standards are key to executing our strategy.

We are committed, in principle and practice, to transparency consistent with good governance and commercial confidentiality. We issue information in a timely way on the Group's operational, financial and sustainable development performance through a number of channels.

Compliance with Laws, Rules & Regulations

Employees are required to comply fully with all laws, rules and regulations affecting the Company's business and its conduct in business matters. It is the Company's policy to abide by the national and local laws of nation and communities in which business of the Company is conducted. Beyond the strictly legal aspects involved, employees at all times are expected to act honestly and maintain the highest standards of ethics and business conduct, consistent with the professional image of the Company.

Trading of Directors

During the year under review no trading in the Company shares were carried out by the Directors, CEO, CFO, Company Secretary and their spouses including any minor children.

Pattern of shareholding

The pattern of shareholding as required under Section 227(2)(f) of the Companies Act 2017 and Listing regulations is enclosed.

Corporate and Financial Reporting Framework

- The financial statements together with the notes drawn up by the management present fairly the company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment, except for changes referred in Note – 4 to the financial statements.
- The international accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure there from (if any) is adequately disclosed.
- Significant deviations from last year in operating results of the Company have been highlighted and reasons thereof explained above.
- There are statutory payments on account of taxes, duties, levies and charges which are outstanding and have been disclosed in Note – 16 to financial statements.
- Information about loans and other debt instruments in which the Company is in default or likely to default are disclosed in Note – 18 to the financial statements.

The Path Forward

Through the delivery of key development projects in 2020 in form of Pace Towers and significant investment and share in pace Circle, we look forward to onboarding significant operating cash flows by successfully converting non-income producing assets to cash flowing operating assets.

While we will continue to focus on improving our capital structure over the coming years, we will also look to make diligent and sound investment decisions when compelling opportunities arise.

With best-in-class assets and properties in prime irreplaceable dense cluster locations and a great team, we hope that our investors continue to focus on our fundamentals as a high-quality, innovative company in real estate sector of Pakistan with a unique built-in platform for growth.

Our unparalleled team has done an extraordinary job in a tough environment and we admire their untiring efforts, dedication and commitment to the Company

For and on behalf of Board of directors

October 4th, 2019

Director

Chief Executive Officer`

پیس (پاکستان) لمیٹڈ ("کمپنی" یا "پیس") ڈائریکٹرز کی رپورٹ (جون 2019ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

مالیاتی سال 2019ء ("FY19") میں معیشت بحالی کی جانب گامزن رہی، جس کی اوسط 5.8 فی صد رہی۔ کھپت میں اضافہ اور سازگار مالیاتی اور مانیٹری پالیسیوں کے نتیجے میں معاشی عدم توازن کو وسعت ملی۔ کرنٹ اکاؤنٹ خسارہ (CAD) مالیاتی سال 2018ء ("FY18") میں مجموعی قومی پیداوار کا 6.1 فی صد ہو گیا جو مالیاتی سال 2017ء کے مقابلہ میں 4.1 فی صد زائد ہے۔ بھاری کرنٹ اکاؤنٹ خسارہ تجارتی خسارہ میں اضافہ کی عکاسی کرتا ہے کیونکہ قومی طلب میں اضافہ کی وجہ سے برآمدات درآمدات کی بڑھتی ہوئی رفتار سے کہیں کم ہے۔ گذشتہ برس میں مالیاتی استحکام کے لئے کئے گئے اقدامات ضائع ہو گئے کیونکہ مالیاتی سال 2018ء میں مالی خسارہ (ماسوائے گرانٹس) 6.6 فی صد بڑھ گیا۔ مالی خسارہ کی بنیادی وجوہات میں آمدنی کی کم نمو کے ساتھ اخراجات میں بھاری اضافہ شامل ہیں۔

نئی حکومت نے ان بے قاعدگیوں کو درست کرنے کے لئے اقدامات اٹھائے لیکن نصف سال کے نتائج ظاہر کرتے ہیں کہ مزید اقدامات بہت ضروری ہیں۔ ریٹیل اسٹیٹ شعبہ کے بنیادی اشارے مالی سال 2019 جولائی تا جنوری کے دوران 2.3 فی صد طلب میں کمی کو ظاہر کرتے ہیں۔ جو مجموعی صنعتی پیداوار کا 65 فی صد ہیں۔ زراعت کے شعبہ میں سالہا سال کی بنیاد پر پانچ بڑی فصلوں میں سے چار فصلوں کی پیداوار میں کمی واقع ہوئی ہے۔ یہ کمی پانی کی کمی اور پیداواری شعبہ میں سست روی کی وجہ سے ہے۔ شرح مبادلہ میں جولائی 2018ء سے مارچ 2019ء تک 13.6 فی صد مجموعی کمی ریکارڈ کی گئی۔ شرح مبادلہ میں کمی، طلب پر دباؤ اور ایندھن کی زیادہ قیمتوں کی وجہ سے جولائی 2018ء تا مارچ 2019ء مہنگائی میں 6.8 فی صد (گذشتہ برس 3.8 فی صد) اضافہ ہوا۔ زیادہ مہنگائی کی وجہ سے اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح جولائی 2018ء میں 10.75 فی صد مقرر کی ہے۔

مالیاتی سال 2018ء جولائی تا فروری میں کرنٹ اکاؤنٹ خسارہ مجموعی قومی پیداوار کے 3.7 فی صد کے مقابلہ میں مالیاتی سال 2019 جولائی تا فروری میں 3.3 فی صد رہا۔ شرح مبادلہ میں کمی کے باوجود مجموعی درآمدات میں 1.6 فی صد اور برآمدات میں 0.1 فی صد کمی واقع ہوئی۔ اسی مدت میں ترسیلات زر میں اچھی خاصی نمو واقع ہوئی لیکن براہ راست غیر ملکی سرمایہ داری میں کمی ہوئی۔ جنوری کے وسط میں بین الاقوامی ذخائر 6.6 بلین ڈالر (یا درآمدات میں 1.3 فی صد) تک گر گئی۔ مارچ کے اختتام تک سعودی عرب، امارات اور چین سے قلیل مدتی قرضوں کی مد میں ذخائر میں 10.5 بلین ڈالر اضافہ ہوا (درآمدات کے دو ماہ)۔ دوسری جانب، حکومت بین الاقوامی مالیاتی فنڈ سے پیکیج کے لئے مذاکرات کر رہی ہے۔ قرضوں میں بھاری اضافہ اور دفاع پر اخراجات کے نتیجے مالیاتی سال کی پہلی سہ ماہی میں مالیاتی خسارہ مجموعی قومی پیداوار کے 2.7 فی صد (مالیاتی سال 2018ء کی پہلی سہ ماہی میں 2.2

فی صد) تک پہنچ گیا۔ مالیاتی سال 2019ء مالی خسارہ مجموعی قومی پیداوار کا 7.0-6.8 فی صد کے درمیان رپورٹ ہوا جو بجٹ کے اہداف کے مقابلہ میں 2.0-2.7 فی صد کم ہے۔

شرح غربت مالیاتی سال 2019ء میں کم ہونے کے امکانات ہیں۔ بین الاقوامی خط غربت 1.90 ڈالر فی کو استعمال کرتے ہوئے مالیاتی سال 2019ء میں پاورٹی ہیڈ کاؤنٹ کا تخمینہ 3.1 فی صد لگایا جاتا ہے۔ جو سال 2015ء کے مقابلہ میں 4.0 فی صد کم ہے (تازہ ترین سرکاری اعداد و شمار)۔ 3.2 ڈالر خط غرب پر غربت کا تخمینہ 3.4 فی صد پوائنٹس کم ہو کر 31.3 فی صد گر گیا۔ اور 5.5 ڈالر خط غربت کو استعمال کرتے ہوئے 72.6 فی صد رہا (سال 2015ء سے 2.8 فی صد کم پوائنٹس)۔

حکومتی ٹھوس مالیاتی اور مانیٹری پالیسیوں کے پیش نظر مالیاتی سال 2019ء اور 2020ء میں نمو کی رفتار کم رہے گی۔ جونہی معاشی حالات بہتر ہوں گے اور مالیاتی انتظام اور مقابلہ سازی میں اصلاحاتی ڈھانچے کے پیکیج پر عمل ہوگا تو مالیاتی سال 2021ء سے نمو میں بہتری کے امکانات پیدا ہو جائیں گے۔ معاشی بحالی کے ساتھ نمو میں بہتری کے لئے اصلاحاتی ڈھانچے پر عمل کرنا ہوگا۔ یہ اصلاحات ملک کو مستحکم نمو کے راستے پر چلائیں گی جس میں شرح مبادلہ میں لچک، بہتر مقابلہ سازی اور کاروبار کرنے کی کم لاگت شامل ہے۔ آمدنی کے تناظر میں، ٹیکس انتظام میں بہتری کی اصلاحات، ٹیکس بیس میں توسیع اور ٹیکس اصلاحات پر عمل درآمد کے لئے سہولت فراہم کرنا بہت اہم ہیں۔

ریئل اسٹیٹ جائزہ

پاکستان کا ریئل اسٹیٹ شعبہ سے مجموعی قومی پیداوار میں تقریباً دو فی صد حصہ ہے۔ یہ شعبہ وسیع معیشت میں اہم کردار ادا کرتا ہے اور مجموعی قومی نمو میں تحریک پیدا کرتا ہے۔

پاکستان کی پراپرٹی مارکیٹ میں گزشتہ دہائی کے دوران بلندی کا رجحان رہا۔ 200 ملین سے زائد آبادی کی وجہ سے اقتصادی سرگرمی تین بڑے شہروں کراچی، لاہور اور اسلام آباد تک محدود ہے۔ اور اگر ملک میں بڑے معاشی اشاروں میں بہتری مطلوب ہو تو اسے اپنی معاشی سرگرمیوں میں تجدید کرنا ہوگی۔ حال ہی میں، 0.7 ملین فی برس کی شرح سے نئے گھروں کی طلب کی وجہ سے ملک میں تقریباً نو ملین گھروں کی کمی ہے۔ اس کی بنیادی وجہ رہن کے شعبہ پر عدم توجہی ہے جو مجموعی قومی پیداوار کا 0.5 فی صد ہے۔ گھروں پر قرضہ کی مارکیٹ کو قابل رسائی بنا کر لوگ اپنے ذاتی گھر کے لئے سرمایہ حاصل کر سکتے ہیں۔ 2025ء تک، رہائشی گھروں کی طلب میں 20 ملین تک کمی واقع ہونے کا امکان ہے۔ اس مسئلہ کے حل کے لئے پاکستان میں ہر سال ایک ملین گھر تعمیر کرنے کی ضرورت ہے لیکن موجودہ شرح 150,000 گھر سالانہ ہے۔ کم آمدنی والے خاندانوں کے لئے رہن کا کوئی انتظام نہیں ہے لہذا مستقبل میں گھروں کی مجموعی کمی میں اضافہ کا امکان ہے۔ ورلڈ بینک کی ایک رپورٹ کے مطابق پاکستان میں گھروں کے لئے قرضہ حاصل کرنے کی شرح ترقی یافتہ ممالک میں 50 فی صد کے مقابلہ میں صرف ایک فی صد ہے۔

کمپنی کی کارکردگی اور مالیاتی جائزہ

30 جون 2018ء کے مقابلہ میں 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کی مالیاتی کارکردگی کے پڑتال شدہ نتائج کا خلاصہ حسب ذیل ہے۔

30 جون کو اختتام پذیر سال

('000' روپوں میں)

2018ء	2019ء	
639,964	440,345	خالص فروخت
(648,102)	(346,475)	فروخت پر لاگت
(8,138)	93,870	مجموعی نفع/(نقصان)
(170,628)	(162,001)	انتظامی اور سیلنگ اخراجات
(47,331)	(8,250)	تجارت پر ایمپیئر منٹ خسارہ اور دیگر وصولیاں
163,565	10,978	دیگر آمدنی
(1,026)	-	دیگر آپریٹنگ اخراجات
(114,051)	(138,311)	قرضوں پر لاگت
(277,886)	(724,904)	فارن کرنسی کنورٹبل بانڈز کی تبدیلی پر نقصان
(69,830)	5,799	فیئر ویلیو منافع/(نقصان)
(525,336)	(922,819)	(نقصان) بمعہ ٹیکس
(537,062)	(929,252)	(نقصان) علاوہ ٹیکس
(1.93)	(3.33)	(نقصان) فی حصص

30 جون 2019ء کو اختتام پذیر سال (مالی سال 2019ء) کے دوران گروپ کی موافق فروخت میں 31 فی صد تک اضافہ ہوا۔ گروپ نے گزشتہ سال میں 639.964 ملین روپے فروخت کے مقابلہ میں رواں برس 440.345 ملین روپے فروخت ریکارڈ کی۔ جو گزشتہ برس کے مقابلہ میں 199.619 ملین روپے کم ہے۔ گجرات، ماڈل ٹاؤن ایکسٹینشن اور ایم ایم عالم پلازہ میں دکانوں کی فروخت کی وجہ سے گزشتہ برس 130.439 روپے نمایاں کمی واقع ہوئی۔ رواں مدت کے دوران فروخت کی ایسی کوئی سرگرمی رپورٹ نہیں ہوئی۔ مزید 19.997 اور 47.173 ملین روپے کمی بالترتیب سروس چارجز اور ترقیاتی اخراجات سے منسوب ہے۔ کمپنی کے انتظامی اور فروخت پر اخراجات میں بحساب 5 فی صد 170.923 ملین روپے سے 162.076 ملین روپے کمی واقع ہوئی۔ پراپرٹیز کی خرید و فروخت کے نمایاں لین دین پر سابقہ مدت میں کمیشن ادا کرنے کی وجہ سے کمی ہوئی۔

دیگر فعالی اخراجات میں 1.026 ملین روپے سے صفر یعنی 100 فی صد کمی واقع ہوئی۔ گزشتہ برس سرمایہ داری کی فروخت پر حاصل منافع کی وجہ حاصل آمدنی 163.565 ملین روپے تھی جو موجودہ سال کے دوران 10.978 ملین روپے رہی۔

گزشتہ سال کے مقابلہ میں قرضوں پر لاگت میں 21 فی صد نمایاں اضافہ ہوا۔ جو عموماً KIBOR شرحوں میں 7.03 فی صد سے 13.13 فی صد اضافہ کی وجہ سے تھا۔

ڈالر کے مقابلہ میں روپے کی قدر میں کمی کی وجہ سے فارن کرنسی کنورٹیبیل بانڈز کے تبادلہ میں گزشتہ برس میں 277.886 ملین روپے سے 724.9 ملین روپے اضافہ ہوا (گزشتہ برس ڈالر کے مقابلہ میں روپے کی قیمت 121.6 روپے اور رواں برس 164 روپے رہی)۔

مذکورہ بالا عوامل کے اثرات کا جائزہ لینے کے بعد مالیاتی سال 2019ء میں گروپ کا خالص (خسارہ) علاوہ ٹیکس 929.252 ملین روپے رہا جو گزشتہ برس 537.062 ملین روپے رہا۔ جس کے نتیجے میں جون 2019ء کو اختتام پذیر مالیاتی سال میں فی حصص خسارہ (3.33) روپے رہا (مالیاتی سال 2018: فی حصص آمدنی: 1.93 روپے فی حصص)

مالیاتی فرائض کا درجہ

طویل مدتی قرضوں کی حالیہ پختگی گزشتہ برس میں 3.786 ملین روپے کے مقابلہ میں 30 جون 2019ء کو 3.032 ملین روپے رہی۔ گروپ کے FCCB واجبات پر ایکسیجنگ خسارہ کی مد میں 37 فی صد اضافہ کی وجہ سے یہ اضافہ سامنے آیا۔ مزید برآں، گروپ کے قرضوں کی مد میں مالیاتی اداروں اور قرض خواہان کو واجب الادا بقایا جات گروپ کے پاس محدود سرمایہ ہونے پر قرضوں اور ان پر سود کی عدم ادائیگی کی وجہ سے تاخیر کا شکار ہیں۔ تاہم، ہم مستقبل قریب میں ادائیگیوں کی مد میں اپنے قرض خواہان سے کئے گئے وعدوں کو پورا کرنے کے لئے پرعزم ہیں کیونکہ پیس ٹاور کی تعمیر اور فروخت کے سلسلہ کا آغاز ہو چکا ہے۔

کاروبار جاری رکھنے سے متعلق کمپنی کی صلاحیت

رپورٹنگ تاریخ تک، کمپنی کے موجودہ واجبات حالیہ اثاثہ جات سے ملین 1,923 روپے تک بڑھ چکے ہیں اور گروپ کے ذخائر میں نمایاں کمی واقع ہوئی ہے۔ کمپنی اپنے قرض خواہان کے ساتھ قرضوں کی مد میں سرمایہ اور سود کی ادائیگی جیسے کئی وعدے پورے کرنے کے قابل نہ ہے۔ نتیجتاً، کمپنی اپنے صارفین سے موجودہ وصولیاں کرنے میں بھی ناکام ہوئی ہے اور قرضوں کے لئے رہن رکھی گئی اپنی انویسٹری کی فروخت میں بھی مشکلات کا شکار ہے۔ ان حالات میں کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں ابہام پیدا ہو چکا ہے۔ کمپنی کی آمدنی اور مالی حالت کو بہتر کرنے کے لئے انتظامیہ کمپنی کے دیگر قرض خواہان کے ساتھ معاہدے طے کرنے کے لئے کوشاں ہے۔ کمپنی کی انتظامیہ پر امید ہے کہ مذکورہ بالا اقدامات سے کمپنی اپنے بقایا جات کی وصولی اور مکمل منصوبوں سے انویسٹری کی فروخت میں مدد ملے گی اور اپنے پیس ٹاور پروجیکٹ کی تکمیل کے لئے حاصل شدہ لیکویڈٹی کو استعمال کرے گی۔

خطرات پر قابو پانا

بورڈ تسلیم کرتا ہے کہ خدشات/خطرات کا روبرو کا اہم ترین حصہ ہیں اور یہ کہ انہیں خوف اور مواقع میں تقسیم کیا جاسکتا ہے۔ کمپنی نے فیصلہ سازی کے تمام افعال میں خطرات سے آگاہی کا کاروباری کلچر قائم کیا ہے اور قابل رسک مینجمنٹ کے ذریعے مؤثر انداز میں خطرات پا قابو پانے کے لئے پرعزم ہے۔ اس عزم کی تکمیل کے لئے، خطرات کا جائزہ لیا جاتا ہے تاکہ ادارے میں ہر سطح پر انتظامیہ مؤثر اقدامات کر سکے۔ رسک مینجمنٹ سسٹم میں موجود حدود کی وجہ سے نقصان سے بچنے کے لئے کاروبار سے متعلقہ خطرات کی نشاندہی، تعین اور انتظام کو عمل میں لایا جاتا ہے۔ یہ نظام خطرات کو مکمل طور پر ختم کرنے کی بجائے انہیں روکنے تک محدود ہے اور موزوں اور کلی یقینی دہانی نہیں کراتا۔ کئی خدشات جیسا کہ قدرتی آفات، کوانٹرل کنٹرول استعمال کرتے ہوئے قابو نہیں کیا جاسکتا۔ ایسے بڑے خدشات مقامی انشورنس مارکیٹ میں فریق ثالث کو منتقل کر دیئے جاتے ہیں۔

اندرونی نظم و ضبط

ڈائریکٹرز اور انتظامیہ کمپنی کے داخلی نظم و ضبط اور اس کی مؤثر نگرانی کے ذمہ دار ہیں تاکہ شیئر ہولڈرز کو خدشات کے موزوں تعین اور انتظام سے متعلقہ ان کی سرمایہ داری پر خاطر خواہ منافع دیا جاسکے۔ اس میں مالیاتی و آپریشنل نگرانی اور تعمیلی کنٹرول اور خدشات کو قابو کرنے کے طریقہ ہائے کار اور ان کی تاثیر شامل ہیں۔ ڈائریکٹرز نے سال 2019ء کے لئے ان کے سالانہ جائزہ اور تخمینہ کو مکمل کر لیا ہے۔

بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ کمپنی کے انٹرل آڈٹ فنکشن کی جائزہ رپورٹ پر باقاعدگی سے نظر ثانی کرتی ہے تاکہ داخلی نظم و ضبط کے معیار کو پورا کیا جاسکے۔ کمپنی کا انٹرل آڈٹ فنکشن نظم و ضبط کی سرگرمیوں کی سالمیت اور تاثیر پر نظر ثانی کرتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹ پیش کرتا ہے۔

جدت کے لئے ہمارا عزم

پیس (پاکستان) لمیٹڈ میں جہاں بھی ہم کام کریں اور اپنے کاروباری امور میں ہم جدت پر یقین رکھتے ہیں۔ ہم ایسا واضح کلچر قائم کرنے میں کوشاں ہیں جس میں ہم تنقید کو تسلیم کرتے ہیں اور ان کی قدر کرتے ہیں۔ مختلف حلقوں سے تعلق رکھنے والے خواتین و حضرات کی تقرری اور ہر فرد کو اپنی مہارتیں اور تجربہ کو استعمال کرنے کے لئے مساوی مواقع فراہم کئے جاتے ہیں۔ ہم یقین رکھتے ہیں کہ مسائل کا بہترین حل فراہم کرنا ہمارا خاصہ ہے اور ہم اپنے سٹیک ہولڈرز کے لئے سازگار نتائج فراہم کرتے ہیں۔

حفظان صحت سے متعلق اقدامات

ہم صفر ضرر کے اپنے ہدف کے لئے پرعزم ہیں۔ ہمارا انتظامی سسٹم خطرات کی شناخت، ان کے تعین اور اپنے آپریشنز کے تمام عوامل میں خطرات سے بچاؤ کے لئے ایک فریم ورک فراہم کرتا ہے۔ اپنے ملازمین اور اثاثہ جات کے تحفظ کے لئے محفوظ آپریشنز ہماری اولین ترجیح ہے اور ہم محفوظ آپریشن سے متعلقہ خطرات سے نمٹنے کے لئے مربوط نظام کے تحت کام کرتے ہیں۔

ہم حفاظت سے متعلقہ خدشات اور صحت کے انتظامی عمل کو بہتر کرنے، کام کے لئے صحت کی اہمیت کو سمجھنے میں قیادت کی بہتر شمولیت پر زور دیتے ہیں۔

پیشہ ورانہ حفظان صحت کمپنی کی اولین ترجیح ہے۔ ہم کام کے محفوظ حالات، سامان اور مقامات کے لئے کوشاں ہیں۔ گروپ ملازمین کے جذبہ کی قدر کرتا ہے اور ملازمین کو ضرر کے خدشات اور خطرناک حالات کے بچاؤ، خاتمہ اور نشاندہی پر زور دیتا ہے۔ کام کے ماحول میں حفظان صحت، مصنوعات کا معیار اور فعالی کارکردگی لازم و ملزوم ہیں۔ کمپنی کی انتظامیہ اور ملازمین، انجمنوں کے باہمی تعاون کے ذریعے حفظان صحت کی کارکردگی میں مسلسل بہتری کے لئے کوشاں ہے۔ جو ملازمین کی صحت اور تحفظ میں بہتری لائے گی اور ادارے کی کامیابی میں اہم کردار ادا کرے گی۔ گروپ پر عزم ہے کہ:

- انتظامی امور کے تمام شعبوں میں ملازمین کی صحت اور تحفظ کو اولین ترجیح بنانا۔
- ملازمین کے تعاون، کام کے مقام سے متعلقہ خصوصی قواعد اور کام کا محفوظ طریقہ کار کو قائم کرنا اور اس کے متعلق آگاہ کرنا اور نافذ کرنا۔
- مسلسل ترقی کے عمل میں ملازمین کے تعاون سے صحت اور تحفظ کی مد میں آگاہی، قیادت اور جواب دہی کو بڑھانا۔
- نافذ معیارات کے تحت صحت اور تحفظ کی کارکردگی کا تعین کرنا اور نتائج سے متعلق ملازمین کو آگاہ کرنا۔

کاروباری و سماجی ذمہ داری

کمپنی کی انتظامیہ متعدد غیر منافع بخش اداروں کو اپنے شاپنگ مال میں فلاحی سرگرمیوں کی اجازت دیتی ہے یعنی باکس کے ذریعے چندہ اکٹھا کرنا اور ان کے مواد کا اظہار اور تقسیم

انسانی وسائل اور افراد کی ترقی

ہمارے عملہ کی حکمت عملی اور ملازمین کا عزم ایسا فریم ورک تیار کرتا ہے جو ہمیں قابل لوگوں کو حاصل کرنے اور ان کو برقرار رکھنے کے لئے رہنمائی فراہم کرتا ہے اور یہ عمل ہماری کاروباری حکمت عملی کے عین مطابق ہے۔ اپنی ملازمت سے متعلق پالیسی کے تحت ہم اپنی کمپنی کے درمیان تمام سطحوں پر کام کے مؤثر اور محفوظ تعلقات کے خواہاں ہیں۔

کام کے معیارات اور عمر، نسل یا سماجی حلقہ، صنف، جنسی تفریق، سیاست، مذہب یا معذوری کی بنیاد پر غیر امتیازی سلوک سے متعلق قوانین کے تحت ہم ملازمت فراہم کرتے ہیں۔

ہمارے ملازمین کی مہارت، تصورات اور تجربات کا تنوع کمپنی کو درپیش چیلنجز کا مقابلہ کرنے میں مدد دیتے ہیں۔ کمپنی کے انسانی وسائل کی ترقی مضبوط اقدار پر مبنی ہے۔ یہ پالیسیاں ملازمین کے مابین بھروسہ، شفافیت اور احترام کی روح پیدا کرتی ہیں۔ لہذا یہ مسلسل نمو میں اہم کردار ادا کرتی ہیں۔

ہمارا مربوط ایچ آر ڈی پی آر منٹ ہے جو ان تمام امور پر عمل درآمد کا ذمہ دار ہے۔ ہم اپنے ملازمین کو ٹول رپورٹنگ پیش کرتے ہیں جس کے اصول تمام سطحوں پر یکساں ہیں اور تمام لاگو قوانین و ضوابط کی تعمیل میں مرتب کئے جاتے ہیں۔

منافع منقسمہ

مالیاتی پابندیوں اور کمپنی کے اصولوں کو مد نظر رکھتے ہوئے بورڈ نے زیر جائزہ سال کے دوران منافع منقسمہ کی تجویز نہ دی ہے۔

ڈائریکٹروں کا معاوضہ

کمپنی کی مالیاتی اسٹیٹمنٹس کے نوٹ 42 میں ایگزیکٹو ڈائریکٹرز کے مجموعی معاوضہ کی تفصیلات درج ہیں۔ مزید یہ کہ، کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی۔

کوڈ آف کارپوریٹ گورننس

مالیاتی سال 2019ء کے دوران ”لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط“ کا اطلاق کیا گیا ہے جسے کے تحت بورڈ اور اس کی کمیٹیوں کی ترکیب میں کچھ تبدیلیاں مطلوب ہیں۔ کمپنی نے بورڈ کمیٹیوں کی ترکیب تبدیل کر دی ہے جب کہ بورڈ کی ترکیب نئے کوڈ آف کارپوریٹ گورننس میں فراہم کردہ مقررہ تاریخ تک تبدیلی کر دی جائے گی۔

بورڈ کی ترکیب

مالیاتی سال کے دوران مندرجہ ذیل افراد کمپنی کے ڈائریکٹرز رہے:

نام	عہدہ
آمنہ تاثیر	CEO
شہر بانو تاثیر	چیئر مین
شہر یار علی تاثیر	ڈائریکٹر
شہباز علی تاثیر	ڈائریکٹر
ریما حسین قریشی	ڈائریکٹر
ملک فرحان حسن	ڈائریکٹر
کنور لطافت علی خان	ڈائریکٹر
شبانہ عطا (مستعفی ہیں)	ڈائریکٹر

سال کے دوران جنابہ شبانہ عطا کی جگہ محترم شہر یار علی تاثیر کو کمپنی کا ڈائریکٹر مقرر کیا گیا۔

7 ڈائریکٹرز کی کل تعداد

4 (a) مرد

3 (b) خواتین

بورڈ کمیٹیاں

آڈٹ کمیٹی	ملک فرحان حسن (چیئرمین) جنابہ شہر بانو تاثیر (رکن) جنابہ ریما حسین قریشی (رکن)
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ہیومن ریسورس اینڈ ریمونڈیشن (HR&R) کمیٹی	ملک فرحان حسن (چیئرمین) محترمہ آمنہ تاثیر (رکن) کنور لطافت علی خان (رکن)
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امسال جنابہ ریما حسین قریشی کو جنابہ شبانہ عطا کی جگہ آڈٹ کمیٹی کا رکن مقرر کیا گیا۔ کمپنی نے جنابہ ریما حسین قریشی کی اہلیت پر چھوٹ دی ہے کیونکہ بورڈ اراکین کو یقین ہے کہ انہیں مالیاتی امور میں عبور حاصل ہے۔

بورڈ آف ڈائریکٹرز اور ذیلی کمیٹیوں کی ترکیب نئے کوڈ آف کارپوریٹ گورننس کے تحت مقررہ وقت میں تبدیل کر دی جائے گی۔
کوڈ آف کارپوریٹ گورننس کا تعمیلی بیان لف ہذا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔
بورڈ آف ڈائریکٹرز نے 30 جون 2020ء کو اختتام پذیر سال کے لئے باہمی طے شدہ معاوضہ پر انہیں کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

سہلیت اور تعمیل

مضبوط اور بااخلاق کلچر برقرار رکھنا ہمیں کام کرنے کی اکائی ہے۔ ہم اپنے کاروباری امور سہلیت سے بروئے کار لانے کے لئے پر عزم ہیں۔ جو ہماری بنیادی اقدار میں سے ایک ہے۔ اور یقین رکھتا ہے کہ ہماری اقدار اور اچھا اخلاقی معیار اپنی حکمت عملی کے نفاذ کی بنیاد ہیں۔
ہم پر عزم ہیں کہ شفافیت کے لئے ہمارا معیار اچھی گورننس اور تجارتی رازداری پر مشتمل ہے۔ ہم گروپ کے آپریشنل، مالیاتی اور ترقیاتی کارکردگی کو کئی ذرائع کو استعمال کرتے ہوئے بروقت معلومات جاری کرتے ہیں۔

قوانین و ضوابط کی تعمیل

تمام ملازمین سے لاگو قوانین اور ضوابط کی تعمیل کی کلی توقع کی جاتی ہے۔ کمپنی کی پالیسی ہے کہ جن کمیونٹیز میں کمپنی کا کاروباری امور سرانجام دیتا ہے اُس جگہ کے مقامی اور بین الاقوامی قوانین کی پاسداری کی جائے۔ شامل قانونی پہلوؤں کے علاوہ ملازمین سے ہمہ وقت ایمانداری کی توقع کی جاتی ہے اور اخلاقیات اور کاروباری امور کے اعلیٰ معیار اور گروپ کی پیشہ ورانہ حیثیت کو برقرار رکھا جاتا ہے۔

ڈائریکٹرز کی تجارت

زیر جائزہ سال کے دوران ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے اہلیان اور نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہ کی ہے۔

شیئر ہولڈنگ کی وضع

کمپنیز ایکٹ 2017ء کے سیکشن (f)(2) 227 اور لسٹنگ ریگولیشنز کے تحت شیئر ہولڈنگ کی وضع لف ہذا ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

- مالیاتی اسٹیٹمنٹس اور انتظامیہ کے تحریری بیانات کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بہترین عکاسی کرتے ہیں۔
- کمپنی نے کھاتوں کی باقاعدہ کتابیں تیار کی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا لگاتار اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات معقول اور محتاط فیصلوں کی بنیاد پر لگائے جاتے ماسوائے مالیاتی اسٹیٹمنٹس کے نوٹ 4 میں بیان کی گئی تبدیلیوں کے۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ اصولوں کی پیروی کی گئی ہے۔ اور اس میں حذف کئے گئے مواد (اگر کوئی ہے) کو معقول انداز میں ظاہر کیا گیا ہے۔
- کمپنی کے فعال نتائج میں گذشتہ برس سے نمایاں انحراف کو واضح کیا گیا ہے اور اس کی وجوہات کو اوپر واضح کیا گیا ہے۔
- محصولات، ڈیویڈنڈ، لیویز اور جرمانوں کی مد میں واجب الادا قانونی ادائیگیاں موجود ہیں اور انہیں مالیاتی اسٹیٹمنٹس کے نوٹ 16 میں بیان کیا گیا ہے۔
- قرضوں اور دیگر قرضہ دستاویزات جن میں کمپنی نادہندہ ہے یا نادہندہ ہو سکتی ہے کو مالیاتی اسٹیٹمنٹس کے نوٹ 18 میں واضح کیا گیا ہے۔

مستقبل کے امکانات

پیس ٹاورز کی شکل میں سال 2020ء کے دوران اہم ترقیاتی منصوبہ کی تکمیل اور نمایاں سرمایہ داری اور پیس سرکل میں حصہ داری کے ذریعے ہم نمایاں آپریٹنگ کیش فلو حاصل کرنے کے قابل ہو جائیں گے اور ناکارہ اثاثہ جات کو آمدنی پیدا کرنے والے آپریٹنگ اثاثہ جات میں تبدیل کر لیں گے۔

چونکہ ہم آئندہ سالوں میں اپنے سرمایہ کے خدو و خال کو بہتر کرنے پر بھرپور توجہ دے رہے ہیں لہذا پرکشش مواقع پیدا ہونے پر ہم منافع بخش سرمایہ داری کے لئے بھی فیصلہ سازی کریں گے۔

بہترین درجہ کے اثاثہ جات اور پوش علاقوں میں املاک اور ایک قابل ٹیم کی مدد سے ہم امید رکھتے ہیں کہ ہمارے سرمایہ دار نمو کے لئے

منفرد پلیٹ فارم کے ساتھ پاکستان کے رینل اسٹیٹ شعبہ میں معیاری اور جدت سے بھرپور کمپنی کے طور پر ہماری بنیادی خصوصیات پر بھرپور توجہ دیں گے۔

ہماری لاثانی ٹیم نے مشکل حالات میں غیر معمولی کا کردگی دکھائی ہے اور ہم ان کی ان تھک محنت، جذبہ اور عزم کی قدر کرتے ہیں۔

منجانب / برائے بورڈ آف ڈائریکٹرز

04 اکتوبر، 2019ء

ڈائریکٹر

چیف ایگزیکٹو آفیسر

Form-34

The Companies Act, 2017 (Section 227 (2)(F) Pattern of Shareholding AS AT 30 JUNE 2019

1 Incorporation Number: (0028954 OF 21-11-1992)

2 Name of the Company : Pace (Pakistan) Limited

3 Pattern of holding of the shares held by the shareholders as at 30 June 2019

4

NO. OF SHAREHOLDERS	SHAREHOLDINGS			SHARES HELD
	FROM		TO	
1851	1	-	100	137,327
941	101	-	500	398,826
3345	501	-	1,000	2,295,155
2121	1,001	-	5,000	6,153,727
797	5,001	-	10,000	6,736,244
335	10,001	-	15,000	4,385,913
269	15,001	-	20,000	4,987,508
195	20,001	-	25,000	4,599,229
102	25,001	-	30,000	2,938,237
69	30,001	-	35,000	2,295,308
70	35,001	-	40,000	2,698,315
44	40,001	-	45,000	1,916,720
112	45,001	-	50,000	5,542,997
33	50,001	-	55,000	1,747,541
28	55,001	-	60,000	1,640,767
22	60,001	-	65,000	1,387,905
15	65,001	-	70,000	1,036,500
21	70,001	-	75,000	1,552,900
28	75,001	-	80,000	2,201,501
17	80,001	-	85,000	1,416,775
13	85,001	-	90,000	1,139,500
9	90,001	-	95,000	841,000
63	95,001	-	100,000	6,293,500
14	100,001	-	105,000	1,447,996
7	105,001	-	110,000	757,500
7	110,001	-	115,000	790,500
8	115,001	-	120,000	947,500
4	120,001	-	125,000	492,000
6	125,001	-	130,000	767,611
10	130,001	-	135,000	1,325,500
7	135,001	-	140,000	970,000
6	140,001	-	145,000	860,500
15	145,001	-	150,000	2,242,500
6	150,001	-	155,000	915,087
4	155,001	-	160,000	636,000
2	160,001	-	165,000	329,000
2	165,001	-	170,000	333,500
5	170,001	-	175,000	871,000
3	175,001	-	180,000	534,500
6	180,001	-	185,000	1,097,512

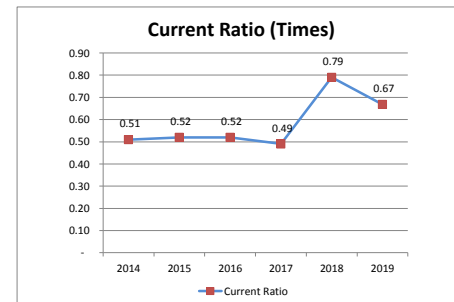
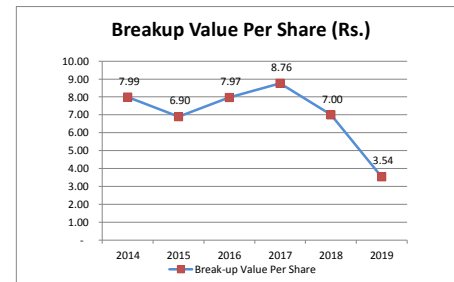
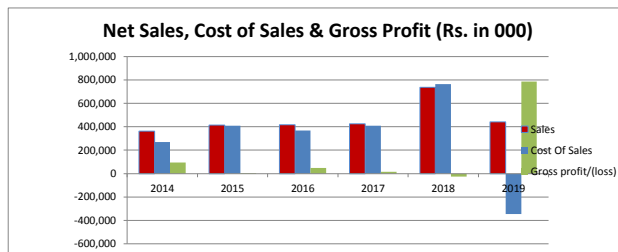
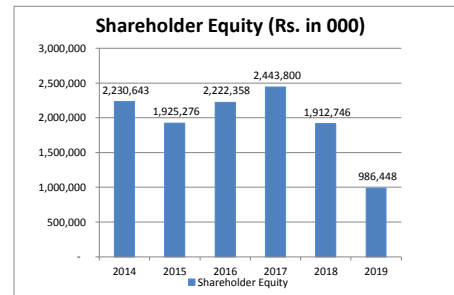
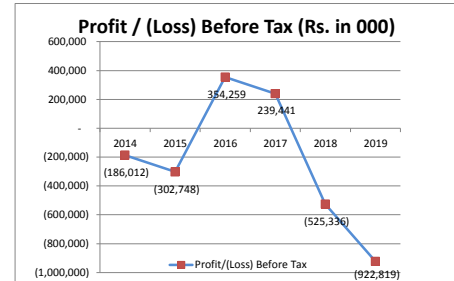
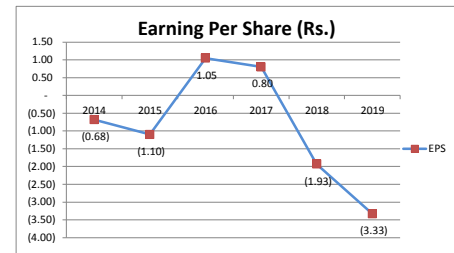
3	185,001	-	190,000	562,500
4	190,001	-	195,000	777,000
18	195,001	-	200,000	3,596,000
1	200,001	-	205,000	205,000
4	205,001	-	210,000	833,000
2	210,001	-	215,000	426,000
1	215,001	-	220,000	220,000
2	220,001	-	225,000	450,000
1	225,001	-	230,000	230,000
1	235,001	-	240,000	235,500
1	240,001	-	245,000	244,500
5	245,001	-	250,000	1,242,500
2	250,001	-	255,000	510,000
1	255,001	-	260,000	258,000
4	260,001	-	265,000	1,051,500
2	265,001	-	270,000	537,000
2	270,001	-	275,000	550,000
2	275,001	-	280,000	556,000
2	280,001	-	285,000	561,000
2	285,001	-	290,000	578,500
11	295,001	-	300,000	3,297,000
1	300,001	-	305,000	305,000
1	305,001	-	310,000	310,000
1	315,001	-	320,000	320,000
1	320,001	-	325,000	323,000
3	345,001	-	350,000	1,050,000
1	350,001	-	355,000	350,500
1	360,001	-	365,000	365,000
1	365,001	-	370,000	370,000
1	375,001	-	380,000	375,211
1	390,001	-	395,000	393,500
4	395,001	-	400,000	1,600,000
2	405,001	-	410,000	815,500
7	415,001	-	420,000	2,916,973
3	420,001	-	425,000	1,275,000
1	425,001	-	430,000	425,716
1	435,001	-	440,000	437,583
1	445,001	-	450,000	446,000
1	450,001	-	455,000	453,000
1	455,001	-	460,000	456,000
1	460,001	-	465,000	463,838
1	465,001	-	470,000	466,500
1	470,001	-	475,000	475,000
10	495,001	-	500,000	5,000,000
3	520,001	-	525,000	1,572,000
1	535,001	-	540,000	539,387
3	595,001	-	600,000	1,800,000
1	635,001	-	640,000	636,000
2	645,001	-	650,000	1,300,000
1	655,001	-	660,000	659,000
1	685,001	-	690,000	690,000
1	690,001	-	695,000	692,000
1	705,001	-	710,000	710,000
2	710,001	-	715,000	1,427,628
1	715,001	-	720,000	717,000
1	725,001	-	730,000	729,500
1	770,001	-	775,000	774,500
2	810,001	-	815,000	1,625,582

9	830,001	-	835,000	7,495,056
1	850,001	-	855,000	853,500
1	870,001	-	875,000	875,000
1	880,001	-	885,000	881,000
1	890,001	-	895,000	892,000
1	895,001	-	900,000	900,000
1	910,001	-	915,000	915,000
1	1,020,001	-	1,025,000	1,025,000
1	1,055,001	-	1,060,000	1,060,000
1	1,080,001	-	1,085,000	1,080,500
1	1,110,001	-	1,115,000	1,111,500
1	1,125,001	-	1,130,000	1,130,000
1	1,135,001	-	1,140,000	1,136,500
1	1,155,001	-	1,160,000	1,156,500
1	1,230,001	-	1,235,000	1,230,500
3	1,245,001	-	1,250,000	3,750,000
1	1,250,001	-	1,255,000	1,254,500
1	1,265,001	-	1,270,000	1,270,000
1	1,350,001	-	1,355,000	1,351,000
1	1,375,001	-	1,380,000	1,377,000
1	1,405,001	-	1,410,000	1,405,500
1	1,495,001	-	1,500,000	1,500,000
1	1,595,001	-	1,600,000	1,600,000
1	1,760,001	-	1,765,000	1,764,000
1	2,285,001	-	2,290,000	2,290,000
1	2,590,001	-	2,595,000	2,590,268
1	2,980,001	-	2,985,000	2,982,695
1	3,285,001	-	3,290,000	3,285,500
1	3,295,001	-	3,300,000	3,300,000
1	3,340,001	-	3,345,000	3,341,500
1	3,905,001	-	3,910,000	3,910,000
1	4,295,001	-	4,300,000	4,300,000
1	4,425,001	-	4,430,000	4,426,200
1	6,955,001	-	6,960,000	6,959,290
1	7,035,001	-	7,040,000	7,036,415
1	18,685,001	-	18,690,000	18,688,500
1	21,800,001	-	21,805,000	21,803,661
1	27,095,001	-	27,100,000	27,100,000
		-		
10798				278,876,604

5	Categories of shareholders	Shares held	Percentage
5.1(a)	Directors, CEO and their Spouse and Minor Children		
	Aamna Taseer	587	0.00
	Shehribano Taseer	500	0.00
	Shahbaz Ali Taseer	987	0.00
	Rema Husain Quresha	500	0.00
	Kanwar Latafat Ali Khan	587	0.00
	Malik Farhan Hasan	500	0.00
	Shabana Atta	500	0.00
5.1 (b)	Chief Executive Officer		
	(587) shares of (Mrs. Aamna Taseer, CEO)	-	-
5.1(c)	Directors spouse & minor children	-	-
5.1.1	Executive / Executives' spouse	-	-
5.2	Associated Companies, undertaking and related parties		
	a) First Capital Securities Corporation Limited	7,501,915	2.69
	b) First Capital Equities Limited	7,600,000	2.73
	c) Sisley Group of Company Limited	27,546,000	9.88
5.3	NIT and ICP	425,716	-
5.4	Banks, DFIs and NBFIs	1,250,587	0.45
5.5	Insurance	375,711	0.13
5.6	Modarabas and Mutual Funds	-	-
5.7	Share holders holding 10% or more voting intrest	-	-
5.8	General Public		
	a) Local	177,107,850	63.51
		-	-
	b) Foreign Companies/Orginzations/Individual / (repatriable bases)	34,683,209	12.44
		-	-
5.9	Others		
	a) Joint Stock Companies	22,381,455	8.03
	b) Pension fund Provident Fund etc.	-	-
		278,876,604	100.00

Pace (Pakistan) Limited
KEY OPERATING AND FINANCIAL INDICATORS

KEY INDICATORS		Rupees in thousands					
		2014	2015	2016	2017	2018	2019
Operating result							
Net Sales		362,621	413,204	416,931	425,574	737,452	440,345
Cost of Sales		268,725	407,893	368,731	409,780	764,122	(346,475)
Gross profit/(loss)		93,896	5,311	48,200	15,794	(26,670)	786,820
Profit / (loss) from operation		88,156	(72,397)	523,515	371,850	(411,285)	(65,403)
Profit / (loss) before tax		(186,012)	(302,748)	354,259	239,441	(525,336)	(922,819)
Profit / (loss) after tax		(189,638)	(306,880)	294,035	224,135	(537,062)	(929,252)
Financial Position							
Shareholder's equity		2,230,643	1,925,276	2,222,358	2,443,800	1,912,746	986,448
Property, plant & Equipment		455,206	431,957	425,438	452,471	452,159	468,464
Net current assets		(2,569,572)	(2,791,693)	(2,433,232)	(2,243,402)	(972,419)	(1,923,502)
Profitability							
Gross profit / (loss)	%	25.89	1.29	11.56	3.71	(3.62)	178.68
Operating profit / (loss)	%	24.31	(17.52)	125.56	87.38	(55.77)	(14.85)
Profit / (loss) before tax	%	(51.30)	(73.27)	84.97	56.26	(71.24)	(209.57)
Profit / (loss) after tax	%	(52.30)	(74.27)	70.52	52.67	(72.83)	(211.03)
Performance							
Fixed assets turnover	Times	0.80	0.96	0.98	0.94	1.63	0.94
Return on equity	%	(8.15)	(14.77)	14.18	9.61	(24.66)	(64.10)
Return on capital employed	%	3.89	(3.69)	23.16	14.62	(20.45)	(3.25)
Liquidity							
Current Ratio	Times	0.51	0.52	0.52	0.49	0.79	0.67
Quick	Times	0.14	0.14	0.16	0.17	0.37	0.19
Valuation							
Earning per share	Rs	(0.68)	(1.10)	1.05	0.80	(1.93)	(3.33)
Break up vale per share	Rs	7.99	6.90	7.97	8.76	7.00	3.54



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF
CORPORATE GOVERNANCE) REGULATIONS, 2017**

**PACE (PAKISTAN) LIMITED
FOR THE YEAR ENDED JUNE 30 2019**

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

1.	The total number of directors are seven as per the following:	
a.	Male:	04
b.	Female:	03
2.	The composition of board is as follows:	
a.	Independent Directors	01
b.	Other Non-Executive Directors	04
c.	Executive Directors	02
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 and, in his absence, by a director elected by the board for this purpose. 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.	
9.	The Board has arranged Directors' Training program for the following:	
	(Name of Director)	Mrs. Aamna Taseer
		Mr. Shehryar Ali Taseer
		Miss Shehribano Taseer
	(Name of Executive & Designation (if applicable))	N/A
10.	The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.	

11.	CFO and CEO duly endorsed the financial statements before approval of the board.	
12.	The board has formed committees comprising of members given below:	
a.	Audit Committee (Name of members and Chairman)	Malik Farhan Hasan, (Chairman) Shehrbano Taseer, (Member) Rema Husain Qureshi, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Malik Farhan Hasan, (Chairman) Aamna Taseer, (Member) Kanwar Latafat Ali Khan, (Member)
c.	Nomination Committee (if applicable) (Name of members and Chairman)	N/A
d.	Risk Management Committee (if applicable) (Name of members and Chairman)	N/A
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 (quarterly/half yearly/ yearly) of the committee were as per following:	
a	Audit Committee	06
b	HR and Remuneration Committee	02
c	Nomination Committee (if applicable)	N/A
d	Risk Management Committee (if applicable)	N/A
15.	The board has set up an effective internal audit function that is considered suitably qualified and experienced 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 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 have been complied with.	

For and on behalf of the Board

CHIEF EXECUTIVE

DIRECTOR

Lahore
04 October 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pace (Pakistan) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors Pace (Pakistan) Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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 the 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 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 30 June 2019.



KPMG Taseer Hadi & Co.

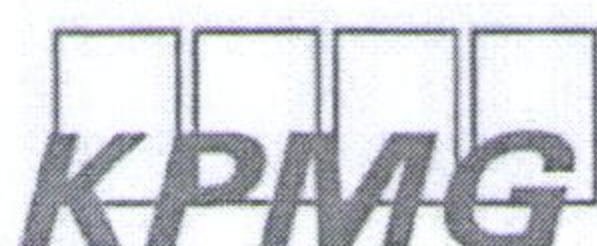
Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

<u>Paragraph Reference</u>	<u>Description</u>
i. 09	At least half of the Company's director must have director's training certificates as specified in regulation 20 (a) of the Regulations has not been complied with.
ii. 12	The requirement of at least one financially literate member in the Audit Committee as specified in regulation 28(1)(c) of the Regulations has not been complied with.

Lahore

Date: 04 October 2019

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants



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Chartered Accountants
351 Shadman-1, Jail Road,
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INDEPENDENT AUDITOR'S REPORT

To the members of Pace (Pakistan) Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pace (Pakistan) Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2019, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 30 June 2019 and of the loss, the comprehensive loss, 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 *Auditor's Responsibilities for the Audit of the Unconsolidated 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 (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.

Material Uncertainty relating to Going Concern

We draw attention to note 2 to the unconsolidated financial statements which highlights the Company's inability to timely meet its obligations in respect of principal and mark-up repayments on borrowings from lenders. The current liabilities of the Company have exceeded its current assets by Rs. 1,923.50 million and the reserves of the Company have been significantly depleted. These factors, along with other matters as set forth in note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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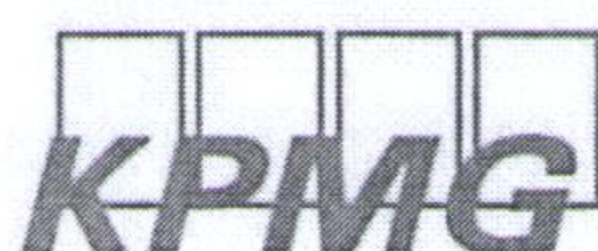
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>Refer to statement of profit or loss and note 7.15 and 30 to the unconsolidated financial statements.</p> <p>The Company recognises revenue both at a point in time and over a period of time depending on the nature of the contract with customer.</p> <p>Revenue from rendering of development management services is recognised over a period of time when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date.</p> <p>We identified revenue recognition as a key audit matter because it involves the use of significant judgments and estimates around percentage of completion of projects including the costs incurred to date against the total cost of the project in particular consideration of:</p> <ul style="list-style-type: none">• ability of the Company to enforce payment for work completed under the terms of its contract thereby meeting International Financial Reporting Standard 15: 'Revenue from contracts with customers' criteria for revenue recognition over time;• total expected cost of completion of the project; and• likelihood of collection of the remaining sales consideration.	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue;• assessing the appropriateness of the Company's accounting policy for recording of revenue and compliance of the policy with applicable accounting standards;• reviewing the work of an independent expert to assess the appropriateness of the value of the total cost to complete and the reasonableness of the related management's assumption and methodologies;• performing test of details procedures over actual cost incurred during the year;• verifying that the Company has correctly recognized revenue as per the terms of the contracts;• recalculating the percentage of completion and the revenue based on the stage of completion of the project;• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments; and• scanning for any manual journal entries relating to revenue recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
2	<p>Valuation of Investment Property</p> <p>Refer to note 7.4 and 21 to the unconsolidated financial statements.</p> <p>The investment property of the Company comprises freehold land and buildings on freehold land.</p> <p>As at June 30 2019, the carrying value of investment properties was Rs 1,668.74 million.</p> <p>The Company has adopted the fair value model for measurement of its investment properties. Under the said model, it is required to measure all investment properties at fair value at each reporting date. Changes in fair value are recognized in unconsolidated statement of profit or loss.</p> <p>Valuation of investment properties is identified as a key audit matter due to the significant carrying value of investment properties and the significant judgment and estimation involved in determining the fair value.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none">• assessing the design and implementation of the controls over the valuation of investment property;• obtaining an understanding of the valuation process and assumptions which the valuer has adopted to assess if they are consistent with the industry norms, market conditions and general prevailing economic circumstances;• confirming that valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value for the properties classified as Investment property;• assessing the valuer's competence and capabilities and reading their terms of engagement with the Company;• involving our own valuation expert to determine the reasonableness and validity of the assumptions and methodologies used by the management expert; and• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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

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

In preparing the unconsolidated 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's 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 unconsolidated 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 unconsolidated 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 auditor's report to the related disclosures in the unconsolidated 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 auditor's 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) no zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matters

The unconsolidated financial statements of the Company for the year ended 30 June 2018 were audited by A.F. Fergusons & Co, Chartered Accountants whose report dated 05 November 2018 expressed an unmodified opinion with material uncertainty relating to going concern thereon.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kamran Iqbal Yousafi.

Lahore

Date: 04 October 2019

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Pace (Pakistan) Limited

Audit of unconsolidated financial statements for
the year ended 30 June 2019

Pace (Pakistan) Limited
Unconsolidated Statement of Financial Position

As at 30 June 2019

EQUITY AND LIABILITIES

Share capital and reserves

Authorised capital

Issued, subscribed and paid up capital

Share premium

Accumulated loss

Non-current liabilities

Long term finances - secured

Redeemable capital - secured (non-participatory)

Liabilities against assets subject to finance lease

Foreign currency convertible bonds - unsecured

Deferred liabilities

Current liabilities

Contract liability

Current maturity of long term liabilities

Creditors, accrued and other liabilities

Accrued finance cost

Contingencies and commitments

Note
2019
--- (Rupees in thousand) ---
2018

8	6,000,000	6,000,000
8	2,788,766	2,788,766
8	273,265	273,265
	(2,075,583)	(1,149,285)
	986,448	1,912,746

9	49,810	54,132
10	-	-
11	-	-
12	-	-
13	45,904	44,779
	95,714	98,911

14	254,564	168,747
15	3,786,553	3,032,699
16	677,555	517,560
17	1,077,823	971,357
	5,796,495	4,690,363
18	6,878,657	6,702,020

Note
2019
--- (Rupees in thousand) ---
2018

ASSETS

Non-current assets

Property, plant and equipment

Intangible assets

Investment property

Long term investments

Long term advances and deposits

Deferred taxation

19	468,464	452,159
20	4,519	5,035
21	1,668,741	1,662,942
22	850,321	850,321
23	13,619	13,619
24	-	-
	3,005,664	2,984,076

Current assets

Stock-in-trade

Trade debts

Advances, deposits, prepayments

and other receivables

Income tax refundable

Cash and bank balances

25	2,790,226	1,978,489
26	424,753	494,581
27	477,659	1,208,569
28	14,962	4,317
29	165,393	31,988
	3,872,993	3,717,944

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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Lahore

Chief Executive Officer

Director

Chief Financial Officer

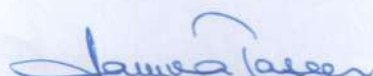
Pace (Pakistan) Limited
Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2019

		2019	2018
	Note	--- (Rupees in thousand) ---	
Revenue	30	440,345	639,953
Cost of revenue	31	(346,475)	(648,102)
Gross profit / (loss)		93,870	(8,149)
Administrative and selling expenses	32	(162,001)	(170,628)
Impairment loss on trade and other receivables		(8,250)	(47,331)
Other income	33	10,978	163,565
Other operating expenses	34	-	(1,026)
Loss from operations		(65,403)	(63,569)
Finance cost	35	(138,311)	(114,051)
Exchange loss on foreign currency convertible bonds	12.2	(724,904)	(277,886)
Gain / (loss) from change in fair value of investment property		5,799	(69,830)
Loss before taxation		(922,819)	(525,336)
Taxation	36	(6,433)	(11,726)
Loss for the year		(929,252)	(537,062)
Loss per share - basic and diluted	37	(3.33)	(1.93)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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Lahore


Chief Executive Officer


Director


Chief Financial Officer

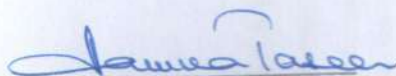
Pace (Pakistan) Limited
 Unconsolidated Statement of Comprehensive Income
 For the year ended 30 June 2019

	2019	2018
	--- (Rupees in thousand) ---	
Loss for the year	(929,252)	(537,062)
<u>Other comprehensive loss for the year</u>		
<i>Items that will not be reclassified to statement of profit or loss:</i>		
Remeasurement of net defined benefit liability	2,954	4,985
Total comprehensive loss for the year	<u>(926,298)</u>	<u>(532,077)</u>

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

10/11/2019

Lahore



Chief Executive Officer



Director



Chief Financial Officer

Pace (Pakistan) Limited
Unconsolidated Statement of Changes In Equity
For the year ended 30 June 2019

As at 01 July 2017					
<i>Total comprehensive loss for the year ended 30 June 2018</i>					
Loss after taxation	-	-	-	(537,062)	(537,062)
Other comprehensive income	-	-	-	4,985	4,985
	-	-	-	(532,077)	(532,077)
Transferred to statement of profit or loss on disposal	-	-	1,023	-	1,023
Balance as at 30 June 2018	2,788,766	273,265	-	(1,149,285)	1,912,746
<i>Total comprehensive loss for the year ended 30 June 2019</i>					
Loss after taxation	-	-	-	(929,252)	(929,252)
Other comprehensive income	-	-	-	2,954	2,954
	-	-	-	(926,298)	(926,298)
Balance as at 30 June 2019	2,788,766	273,265	-	(2,075,583)	986,448

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

ANNEX 44


Jameel Abbas
Chief Executive Officer

Lahore


Director


Chief Financial Officer

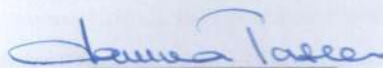
Pace (Pakistan) Limited
Unconsolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 --- (Rupees in thousand) ---	2018
<u>Cash flows from operating activities</u>			
Cash generated from / (used in) operations	38	197,877	(1,234,191)
Gratuity and leave encashment paid		(455)	-
Taxes paid		(17,078)	(11,897)
Net cash generated from / (used in) operating activities		180,344	(1,246,088)
<u>Cash flow from investing activities</u>			
Purchase of property, plant and equipment		(42,359)	(22,800)
Proceeds from sale of investment property		-	1,301,442
Proceeds from sale of investment		-	989
Income on bank deposits received	33	720	45
Net cash (used in) / generated from investing activities		(41,639)	1,279,676
<u>Cash flow from financing activities</u>			
Long term loan paid during the year		(5,300)	(3,079)
Net cash used in financing activities		(5,300)	(3,079)
Net increase in cash and cash equivalents		133,405	30,509
Cash and cash equivalents - at beginning of the year		31,988	1,479
Cash and cash equivalents - at end of the year		165,393	31,988

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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Lahore


Chief Executive Officer


Director


Chief Financial Officer

Pace (Pakistan) Limited
Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2019

1 The Company and its operations

- 1.1 Pace (Pakistan) Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies, plot and other properties and to carry out commercial, industrial and other related activities in and out of Pakistan. The registered office of the Company is situated at 2nd floor Pace Mall, Fortress Stadium, Lahore. Furthermore, the Company is managing the following plazas:

Sr. No	Business Units	Geographical Location
1	Gulberg Plaza	124/E-1 Main Boulevard Gulberg-III, Lahore
2	Model Town Plaza	38, 38/A, 39 & 40, Block P, Model Town Link Road, Lahore
3	Fortress Plaza	Bridge Point Plaza, Fortress Stadium, Lahore Cantt.
4	MM Alam Road Plaza	96-B-I, M.M Alam Road, Gulberg -III, Lahore
5	Gujranwala Plaza	Mouza Dhola Zarri, Main GT Road Gujranwala
6	Gujrat Plaza	Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat
7	Pace Tower	27 -H College Road Gulberg II Lahore

2 Going Concern Assumption

The Company has incurred a loss before tax of Rs. 922.819 million (2018: Rs. 525.336 million) during the year mainly due to exchange loss of Rs. 724.904 million on the foreign currency convertible bonds issued by the Company and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 1,923.502 million, and accumulated losses of the Company stood at Rs. 2,075.583 million. Furthermore, the Company has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. These conditions raise significant doubts on the Company's ability to continue as a going concern.

During the year, the Company has primarily financed its new assets and operations through sale of inventory in Pace Tower for a consideration of Rs. 441 million and cash receipt of Rs. 445 million from sale of an investment property made in the year ended 30 June 2018.

The management of the Company however, is continuously engaged with its lenders for settlements of Company's borrowings. The Company is also expecting to complete the Pace Tower Project by the end of next year and is actively engaged to find buyers for the sale of remaining floors/apartments in Pace Tower. Further, the Company has inventory in form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory. The proceeds from these sales will help to improve the operating cash flows of the Company and also to settle its obligations. The Company is also engaged with its trade debtors for recovery of their outstanding balances.

The management believes that the above measures will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of assets and liquidation/settlement of any liabilities that might be necessary should the Company be unable to continue as a going concern.

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3 Basis of preparation

3.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associate are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

These unconsolidated financial statements comprise the unconsolidated statement of financial position of the Company as at 30 June 2019 and the related unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes forming part thereof.

The Company has following investments:

Name of company	Country of incorporation	Shareholding
<u>Subsidiaries</u>		
Pace Gujrat (Private) Limited	Pakistan	100%
Pace Super Mall (Private) Limited	Pakistan	57%
Pace Woodland (Private) Limited	Pakistan	52%

The principal activity of all the subsidiaries is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping 'malls, super markets, utility stores, plazas, shopping arcades etc.

Associate

Pace Barka Properties Limited	Pakistan	24.86%
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The principal activity of the Company is to acquire, construct, develop, sell rent out shopping malls, apartments, villas, commercial buildings, etc. and to carry on business of hospitality.

3.2 Statement of compliance

These unconsolidated 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 Standards (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.

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.

3.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the following:

- Investment property which is measured at fair value and
- Retirement benefits at present value.

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3.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees ("Rs.") which is the Company's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise stated.

4 Changes in significant accounting policies

The company has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the company's financial statements. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these unconsolidated financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

4.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The Company is primarily engaged in construction and development of properties and contracts with customers for their sale which generally include single performance obligation. Under IFRS 15, an entity is required to recognise revenue over time if any of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance obligation completed to date.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 11 and IAS 8. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company except for where stated below:

4.1.1 Gross versus net presentation

When revenue is recognised in respect of services provided by third parties it must be considered whether the Company acts as a principle or an agent. Whether the Company is considered to be the principle or an agent in the transaction depends on management analysis of both legal form and of the substance of the underlying agreement between the Company and its suppliers. Such judgments impacts the amount of reported revenue and operating expenses and does not have any impact on the reported assets, liabilities or cash flows. On adoption of IFRS 15, the management has concluded that revenue from service income against insurance, security and other utilities shall be presented on net basis.

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4.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Company's approach was to include the impairment of trade receivables in administrative and selling expenses. Consequently, the Company reclassified impairment losses amounting to Rs. 47.331 million, recognised under IAS 39, from 'administrative and selling expenses' to 'impairment loss on trade receivables' in the statement of profit or loss for the year ended 30 June 2018.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

4.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<i><u>Financial assets</u></i>				
Trade debts	Loans and receivables	Amortised cost	494,581	494,581
Advances, deposits, prepayments and other receivables	Loans and receivables	Amortised cost	596,437	596,437
Cash and bank balances	Loans and receivables	Amortised cost	31,988	31,988
			<u>1,123,006</u>	<u>1,123,006</u>

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Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the amount of collateral held against receivables, the move from an incurred loss model to an expected loss model has not had a significant impact on the financial position and / or financial performance of the Company.

5 New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 5, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

5.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment to be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

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- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

6 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with 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 circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The areas where assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

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6.1 Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Company creates an asset that the customer controls as the asset is created. In these circumstances the Company recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

6.2 Staff retirement benefits

The Company operates an unfunded gratuity plan covering all of its eligible employees who have completed the minimum qualifying period of service as defined under the respective scheme. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by an independent actuary on annual basis.

6.3 Provision for taxation

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

6.4 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

6.5 Intangibles

The Company reviews the rate of amortisation and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortisation charge and impairment.

6.6 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

6.7 Investment property valuation

The Company uses the valuation performed by independent valuers as the fair value of its investment properties. Management of the Company regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of investment property. Any change in those inputs and valuation adjustments might effect valuation of fair value and accordingly charge to the statement of profit or loss.

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6.8 Costs to complete the projects

The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and the cost of meeting the contractual obligation to the customers. The company engages an expert to assist in determining the cost of completion.

6.9 Measurement of ECL allowance for trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of expected credit loss model and significant assumptions about future economic conditions and credit behavior. The Company's historical credit loss experience, forecast of economic conditions and realisation of collaterals held may not be representative of customer's actual default in the future.

6.10 Commitments and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

6.11 Recoverable amounts of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

7 Significant accounting policies

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

7.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction. Cost of freehold land and capital work-in-progress are stated at cost less any identified impairment loss in relation to certain machinery signifies historical cost and borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

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Property, plant and equipment acquired under finance lease are capitalised at the commencement of the lease term at lower of the present value of the minimum lease payments under the lease arrangements and the fair value of the leased property.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Depreciation on owned assets is charged to the statement of profit or loss on the reducing balance method except for building on leasehold land which is being depreciated using straight line method, so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 19.1

Assets acquired under a finance lease are depreciated over the lower of useful life and lease term of the asset on reducing balance method except for plant and machinery which is being depreciated using the straight line method.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimate of the useful lives and residual values of its property, plant and equipment as at 30 June 2019 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged in the month of disposal.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.3 Intangible assets

Computer Software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortisation (for finite useful life of intangible asset) and any identified impairment loss. Amortisation is charged to statement of profit or loss on reducing balance method at the annual rate of 10% except optical fiber, as to write off the cost over its estimated useful life.

Optical Fiber

Expenditure incurred to right to use optical fiber (dark fiber) are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Amortisation is charged to statement of profit or loss on straight line basis method at the annual rate of 5%, as to write off the cost over its estimated useful life.

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The Company assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.4 Investment property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value. Changes in fair value are recognized in statement of profit or loss.

The investment property of the Company has been valued by independent professionally qualified valuers as at 30 June 2019. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 21. Transfers between the levels of fair value are made when there are changes in availability and subjectivity of observable inputs.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in statement of profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the statement of profit or loss.

If an investment property becomes owner-occupied or stock-in-trade, it is reclassified as property, plant and equipment or stock-in-trade and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

7.5 Investments

7.5.1 Investment in equity instruments of subsidiary companies

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

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7.5.2 Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

7.6 Stock-in-trade

Land, condominiums, shops/counters and villas available for future sale are classified as stock-in-trade. These are carried at the lower of cost and net realisable value. Work-in-process comprises of condominiums, shops/counters and villas in the process of construction/development. Cost in relation to work-in-process comprises of proportionate cost of land, cost of direct materials, labour and appropriate overheads. Cost in relation to shops transferred from investment property is the fair value of the shops on the date of transfer and any subsequent expenditures incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

7.7 Trade debts

Trade debts and other receivables are classified at amortized cost and are measured at invoice value less impairment allowance, if any. Trade debts where the ownership of the work in progress is transferred by the Company to the buyer as the construction progresses is recognised using the percentage of completion method. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years and loss given default. The impairment allowance is recognised in the statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

7.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

7.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, call deposits receipts, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and short term finance.

7.10 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at the proceeds received representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

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7.11 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

7.12 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

7.12.1 Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to statement of profit or loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the statement of profit or loss over the lease term.

When a sale and leaseback transaction results in a finance lease, any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment when the sale occurs.

7.12.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

7.13 Employee benefits

The Company operates an unfunded gratuity plan covering all of its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in statement of profit or loss.

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Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

7.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

7.15 Revenue recognition

7.15.1 Revenue from contracts with customers

The Company recognises revenue when it transfers control over a good or service to a customer based on a five step model as set out in IFRS 15.

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled to in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements except for service income earned on security, janitorial maintenance, administration and other utilities.

Development services

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

The Company has elected to apply the input method. The Company considers that the use of input method, which requires revenue recognition on the basis of the Company's efforts to the satisfaction of the performance obligation, provides the best reference to revenue actually earned.

Sale of property

Revenue from sale of land, condominiums, shops/counters and villas is recognised at point in time when the control has been transferred to the customer. The control is usually transferred when possession is handed over to the customer.

Display of advertisements

Advertisement income is received by the Company against available space in company's property provided to the customer for advertisement purpose. Income from display of advertisements is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs.

Service charges

Service charges are recognised in the accounting period in which services are rendered. Service income in respect of security, janitorial maintenance, administration and other utilities is presented on net basis.

7.15.2 Other revenue

Rental income from lease of investment property

Rental income arising from operating leases on investment properties is charged based on area lease out and recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

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7.16 Financial instruments

7.16.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

7.16.2 Classification and subsequent measurement

Financial assets- Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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The following accounting policies apply to the subsequent measurement of financial assets at amortised cost.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

7.16.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

7.16.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

10/11/2024

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised 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 of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7.17 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

7.18 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which it is declared by the Company's shareholders.

7.19 Earnings per share (EPS)

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.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

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8 Share capital

	2019 --- (Rupees in thousand) ---	2018 ---	2019 ----- Number of shares -----	2018 -----
8.1 Authorised share capital				
Ordinary shares of Rs. 10 each	6,000,000	6,000,000	600,000,000	600,000,000
8.2 Issued, subscribed and paid-up capital				
Ordinary shares of Rs. 10 each fully paid in cash	2,017,045	2,017,045	201,704,516	201,704,516
Ordinary shares of Rs. 10 each issued as bonus shares	771,721	771,721	77,172,088	77,172,088
	<u>2,788,766</u>	<u>2,788,766</u>	<u>278,876,604</u>	<u>278,876,604</u>

8.3 Ordinary shares of the Company held by associated undertakings are as follows:

	Basis of relationship	2019 (Number of shares)	2018
First Capital Securities Corporation Limited	Common Directorship	7,504,915	7,504,915
First Capital Equities Limited	Common Directorship	7,600,000	7,600,000
		<u>15,104,915</u>	<u>15,104,915</u>

8.4 There has been no movement in ordinary share capital issued, subscribed and paid up during the year ended 30 June 2019.

	2019 --- (Rupees in thousand) ---	2018
8.5 Share premium		
Share premium reserve	273,265	273,265
	<u>273,265</u>	<u>273,265</u>

This reserve can only be utilized by the Company for the purpose specified in Section 81 (2) of the Companies Act, 2017.

9 Long term finances - secured

	Note	2019 --- (Rupees in thousand) ---	2018
Pak Iran Joint Investment Company- markup	9.1	58,168	54,132
Soneri Bank - demand finance	9.2	19,043	24,343
		<u>77,211</u>	<u>78,475</u>
Less:			
Current maturity presented under current liabilities		(27,401)	(24,343)
		<u>49,810</u>	<u>54,132</u>

9.1 Pak Iran Joint Investment Company

On 28 December 2016, Pak Iran Joint Investment Company ('PAIR') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with accrued mark-up aggregating to Rs 172.311 million. The settlement was partly made against property situated at mezzanine floor of Pace Tower measuring 5,700 square feet along with car parking area rights for 7 cars in basement No. 2 amounting to Rs 105.450 million. In accordance with the SA, PAIR purchased the aforementioned properties from the Company. Pursuant to the SA, on 28 December 2016, the Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Company and PAIR also agreed that PAIR will continue to hold its charge over Pace MM Alam up till repayment of the balance outstanding amount.

Terms of repayment

In accordance with the SA, the remaining outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum. Movement is as follows:

	2019 --- (Rupees in thousand) ---	2018
As at beginning of year	54,132	51,068
Add: Amortized during the year	4,036	3,064
As at end of year	<u>58,168</u>	<u>54,132</u>

16/01/2019

Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore measuring 4 kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet. The charge ranks parri passu with that of National Bank of Pakistan to the extent of Rs. 66.667 million.

9.2 Soneri Bank - demand finance

Terms of repayment

During the year ended 30 June 2018, the Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Company was required to pay Rs 30.91 million in 12 instalments for settlement of entire principal amounting to Rs 27.42 million along with the accrued mark-up amounting to Rs 17.87 million. The first instalment was due to be paid on 31 May 2018 amounting to Rs 3.07 million, which was paid on June 22, 2018. The delayed payment has been categorized as "event of default" under the terms of the agreement. Consequently, the remaining principal amount of Rs. 24.343 million and accrued mark-up of Rs 17.87 million is repayable on demand and classified as current liabilities under the guidance contained in IAS 1 "Presentation of Financial Statements".

During the year the Company has paid Rs. 5.300 million on account of second and third instalments under the terms of the agreement. The Company is still in default of the restructured agreement.

Security

This facility is secured against a charge amounting to the sum of Rs 50.00 million created on the land and building on Plot no. 41 Block N, Gulberg II, Industrial Area Lahore measuring 4.086 kanals along with present and future construction thereon.

9.3 Syndicate term finance facility

In the preceding years, the Company settled the principal and accrued mark up of the below mentioned facilities with properties at Pace Tower:

9.3.1 National Bank of Pakistan

On 4 December 2015 National Bank of Pakistan (NBP) and the Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of NBP's portion of Syndicate Term Finance Facility ('STFF') and Term finance along with their accrued mark-up aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Tower measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued mark-up of Rs 66.598 million. Pursuant to the SA, on 30 December 2015 the Company and NBP executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to NBP. The Company and NBP also agreed that NBP will continue to hold its charge on Pace Tower except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

9.3.2 Habib Bank Limited

On 16 December 2015 Habib Bank Limited ('HBL') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of HBL's portion of STFF along with the accrued mark-up aggregating to Rs 178.809 million against property situated at ground floor of Pace Tower and third floor of Pace Model Town (extension) measuring 4,238 square feet and 431 square feet respectively. In accordance with the SA, HBL purchased the aforementioned properties from the Company for a consideration of Rs 106.895 million and waived accrued mark-up of Rs 71.914 million. Pursuant to the DSA, on 30 December 2015, the Company and HBL executed sale deed and possession of the properties was handed over to HBL. The Company and HBL also agreed that HBL will continue to hold its charge over 21 floors i.e. from 1st to 21st floors in Pace Tower until the finishing work on aforementioned property in Pace Tower is complete.

9.3.3 National Bank of Pakistan - term finance

During the year ended 30 June 2016, NBP and the Company settled the entire principal and accrued mark-up together with its portion of STFF against property situated at Pace Tower.

9.3.4 Al Baraka Bank (Pakistan) Limited - musharika based agreement

On 28 December 2015, Al Baraka Bank (Pakistan) Limited ('ABBPL') and the Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with the accrued mark-up aggregating to Rs 398.562 million against property situated at first floor of Pace Tower measuring 17,950 square feet. In accordance with the SA, ABBPL purchased the aforementioned properties from the Company for a consideration of Rs 242.291 million and waived accrued mark-up of Rs 156.271 million. Pursuant to the SA, on 30 December 2015, the Company and ABBPL executed sale deed and possession of the property was handed over to ABBPL. The Company and ABBPL also agreed that ABBPL will continue to hold its charge over Pace Tower up till completion certificate has been procured from Lahore Development Authority.

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	Note	2019 --- (Rupees in thousand) ---	2018
10 Redeemable capital - secured (non-participatory)			
Term finance certificates	10.1 & 10.2	935,571	935,571
Less:			
Current maturity presented under current liabilities		(935,571)	(935,571)
		<u>-</u>	<u>-</u>

10.1 Terms finance certificate

This represents term finance certificates (TFC's) listed on Lahore Stock Exchange before integration of Pakistan Stock Exchange issued for a period of 5 years. On 27 September 2010, the Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the Company and trustee 'IGI Investment Bank Limited' (now 'IGI Holdings Limited') under which the Company was allowed one and a half year grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from 15 August 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (2018: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Company could not repay on a timely basis, the instalments due as per the revised schedule of repayment and is not compliant with certain debt covenants which represents a breach of the respective agreement terms, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 "Presentation of Financial Statements". The Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

During the year, Pakistan Stock Exchange vide notification PSX/N-5278 dated 14 September 2018 placed the TFCs under defaulter segment and imposed penalty of Rs 0.100 million on the Company due to failure to redeem the outstanding principal amount and mark-up despite lapse of considerable time. Pakistan Stock Exchange advised the Company to rectify the default by 15 October 2018. Consequently, the Company has submitted its reply to the Pakistan Stock Exchange on 28 September 2018 whereby the Company has intimated the Exchange that it is currently negotiating with the TFC holders for settlement of outstanding liabilities and for relaxation in payment terms and certain other covenants and accordingly has requested the Exchange to revisit the order. However the TFCs are still in the defaulter segment due to non compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations.

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the Company's properties situated at 124/E-1, Main Boulevard Gulberg III, Lahore, 38-A and 39 Block P, Model Town, Lahore, G.T. Road Gujrat, G.T. Road, Gujranwala, and first exclusive hypothecation charge over certain specific fixed assets, to the extent of Rs 2,000 million.

10.2 Settlement with Askari Bank Limited

On 07 February 2018, Askari Bank Limited ('Bank') and the Company entered into Debt Asset Swap Agreement for full and final settlement of outstanding amount of TFCs along with their accrued mark-up against fifth and sixth floor of Pace Tower measuring 14,903 square feet and 6,731 square feet respectively. In accordance with the terms of the agreement, the Bank purchased the aforementioned floors for Rs 185.926 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark-up amounting to Rs 89.291 million along with future mark-up upon completion of certain terms and conditions on or before 30 June 2019. The terms and conditions of the agreement have not been complied with, consequently, the impact of financial relief has not been accounted for in the financial statements.

	Note	2019 --- (Rupees in thousand) ---	2018
11 Liabilities against assets subject to finance lease			
Present value of minimum lease payments		18,046	18,046
Less: Current portion shown under current liabilities	15	(18,046)	(18,046)
		<u>-</u>	<u>-</u>

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2018: 9% to 15%) to arrive at their present value. The lessee has the option to purchase the assets after the expiry of the lease term. Taxes, repairs and insurance costs are to be borne by the lessee. The liability is partly secured by a deposit of Rs 11.500 million (2018: Rs 11.500 million).

On 17 October 2018, Orix Leasing Company ('plaintiff') has filed a case in Banking Court VII against the Pace (Pakistan) Limited ('the Company'). The plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff. The amount claimed by the plaintiff has already been booked in these financials. However the legal advisor of the Company is confident that there are meritorious grounds to defend the claim.

10/11/2018

12	Foreign currency convertible bonds - unsecured	Note	2019	2018
			--- (Rupees in thousand) ---	
	Opening balance		2,054,739	1,757,713
	Mark-up accrued during the year		25,892	19,140
			2,080,631	1,776,853
	Exchange loss for the year	12.2	724,904	277,886
			2,805,535	2,054,739
	Less:			
	Current maturity presented under current liabilities		(2,805,535)	(2,054,739)
			-	-

12.1 On 27 December 2007, BNY Corporate Trustee Services Limited incorporated in United Kingdom with its registered office at One Canada Square, London E14 5AL and the Company entered into agreement that the Company issue 25,000 convertible bonds of USD 1,000 each amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on 28 December 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till 28 December 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bonds have been converted into ordinary shares as at 30 June 2019.

As the fair value calculated for the financial instrument is quite subjective and cannot be measured reliably, consequently the bonds have been carried at cost and includes accreted mark-up.

12.2 This represents exchange loss arise on translation of foreign currency convertible bonds.

13	Deferred liabilities	Note	2019	2018
			--- (Rupees in thousand) ---	
	Staff gratuity	13.1	42,871	41,359
	Leave encashment	13.2	3,033	3,420
			45,904	44,779
13.1	Staff gratuity			
	Balance at 1 July		41,359	44,889
	Included in statement of profit or loss:			
	Service cost		6,269	8,216
	Interest cost		3,479	3,092
			9,748	11,308
	Included in statement of comprehensive income:			
	Remeasurements:			
	Actuarial loss from changes in financial assumptions		542	134
	Experience adjustments		(3,382)	(4,994)
			(2,840)	(4,860)
	Other:			
	Benefits due but not paid (payable)		(4,941)	(9,978)
	Benefits paid		(455)	-
			(5,396)	(9,978)
	Balance at 30 June		42,871	41,359
	Charge for the year has been allocated as follows:			
	Cost of sales		3,899	1,470
	Administrative and selling expenses		5,849	9,838
			9,748	11,308

Plan Assets

The Company is operating an unfunded gratuity scheme and has not invested any amount for meeting the liabilities of the scheme.

10/06/24

13.2 Leave encashment

The amounts recognised are as follows:

	2019 --- (Rupees in thousand) ---	2018
Balance at 1 July	3,420	4,001
<i>Included in statement of profit or loss:</i>		
Service cost	32	182
Interest cost	282	274
	314	456
<i>Included in statement of comprehensive income:</i>		
Remeasurements:		
Actuarial loss from changes in financial assumptions	-	-
Experience adjustments	(114)	(125)
	(114)	(125)
<i>Other:</i>		
Benefits due but not paid (payable)	(587)	(912)
Benefits paid	-	-
	(587)	(912)
Balance at 30 June	3,033	3,420

Charge for the year has been allocated to administrative and selling expenses.

Plan Assets

The Company has not invested any amount for meeting the liabilities of the scheme.

13.3 Actuarial assumptions

	2019		2018	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Discount rate used for year end obligations	14.25%	14.25%	9%	9%
Expected rate of growth per annum in future salaries	13.25%	13.25%	8%	8%
Expected mortality rate	SLIC (2001-2005) Setback 1 Year			
Weighted average duration of defined benefit plan	5 years	5 years	6 years	6 years
Average number of leaves accumulated per annum by employees	-	5 days	-	5 days
Average number of leaves utilised per annum by employees	-	15 days	-	15 days
Retirement age	Age 60	Age 60	Age 60	Age 60

13.4 The Company expects to charge Rs. 8.865 million to the unconsolidated statement of profit or loss on account of gratuity in the year ending 30 June 2020.

13.5 Sensitivity Analysis

	2019		2018	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Year end sensitivity on defined benefit obligat	--- (Rupees in thousand) ---			
Discount rate + 100 bps	40,773	3,251	39,190	3,251
Discount rate - 100 bps	45,224	3,610	43,806	3,610
Salary increase + 100 bps	45,308	3,602	43,895	3,602
Salary increase - 100 bps	40,659	3,256	39,069	3,256

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

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13.6 The plans expose the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service/ age distribution and the entitled benefits of the beneficiary.

14 Contract liability

This principally represents advances received from various parties against sale of apartments and houses in Pace Tower project, Lahore and its breakup is as follows:

	2019	2018
	--- (Rupees in thousand) ---	
MCB Bank Limited	137,567	-
First Capital Investment Limited - related party	16,020	16,020
First Capital Securities Corporation Limited - related party	45,887	45,887
First Capital Equities Limited - related party	3,086	38,931
Others	52,004	67,909
	<u>254,564</u>	<u>168,747</u>

14.1 The maximum aggregate advance received from related parties at the end of any month during the year is given below:

	2019	2018
	--- (Rupees in thousand) ---	
First Capital Investment Limited - related party	16,020	16,020
First Capital Securities Corporation Limited - related party	45,887	45,887
First Capital Equities Limited - related party	3,086	38,931
	<u>64,993</u>	<u>100,838</u>

15 Current maturity of long term liabilities

Long term finances - secured	27,401	24,343
Redeemable capital - secured (non-participatory)	935,571	935,571
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,805,535	2,054,739
	<u>3,786,553</u>	<u>3,032,699</u>

16 Creditors, accrued and other liabilities

Trade creditors	16.1	311,440	196,111
Rentals against investment property received in advance		4,063	4,120
Accrued liabilities		179,036	163,308
Security deposits	16.2	50,399	52,920
Payable to contractors		2,699	2,699
Retention money		6,093	2,443
Payable to statutory bodies		80,424	69,621
Others	16.3	43,401	26,338
		<u>677,555</u>	<u>517,560</u>

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16.1 This includes payables to related parties under normal course of business and are interest free.

	2019	2018
	(Rupees in thousand)	
Related parties		
Pace Barka Properties Limited	-	292
First Construction Limited	87	87

The maximum aggregate amount due to these related parties at the end of any month is given below:

	2019	2018
	(Rupees in thousand)	
Related parties		
Pace Barka Properties Limited	-	2,247
First Construction Limited	87	87
	<u>87</u>	<u>2,334</u>

16.2 These represent security deposits received against rent of shops rented out in the Plazas. None of these amounts is utilizable for Company or other purpose. The Company has not kept this amount in a separate bank account. The Company is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

16.3 This includes payables to related parties under normal course of business and are interest free. These balances also represents the maximum aggregate amount due to these related parties.

	Note	2019	2018
		(Rupees in thousand)	
Related parties			
First Capital Securities Corporation		78	78
First Capital Equity Limited		980	700
		<u>1,058</u>	<u>778</u>

17 Accrued finance cost

	Note	2019	2018
Long term finances - secured	17.1	21,553	17,872
Redeemable capital - secured (non-participatory)		1,015,631	913,792
Liabilities against assets subject to finance lease		40,639	39,693
		<u>1,077,823</u>	<u>971,357</u>

17.1 This amount represents overdue markup on loan from Soneri Bank Limited. The loan has been restructured during the year ended 30 June 2018 including the overdue mark-up, which is now repayable in 12 instalments. However, the entire outstanding amount has been classified as current maturity due to delay in payment of instalment leading to breach of debt covenants.

18 Contingencies and commitments

18.1 Contingencies

18.1.1 Claims against the Company not acknowledged as debts amounting to Rs 21.644 million (2018: Rs 21.644 million).

18.1.2 On 10 October 2017, Pace (Pakistan) Limited ('the Company') filed a petition against Damas (the tenant at the MM Alam Plaza) in the Rental Tribunal at Lahore on the grounds that the tenant has violated the terms and conditions of the lease agreement including failure to pay rent and denial of the right to entry into the premises. The amount of claim is Rs. 66.60 million.

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The petition is pending for hearing. As per legal advisors of the Company, there are reasonable grounds to defend the Company's claim, however no asset has been booked in the financial statements.

- 18.1.3 In January 2017, owners of eight shops ('plaintiffs') at MM Alam plaza entered into a lease agreement with Pace (Pakistan) Limited ('the Company'). Company further entered into an agreement with DAMAS to sub lease the same shops. The Company paid the lease rental to shop owners for first two months but then stopped the payments because DAMAS defaulted in the payments of lease rentals to Company. In October 2018, plaintiffs filed a suit in the Rental Tribunal against the Company for breaching the terms of lease agreements. Rental Tribunal decided the suit in favor of these owners but Company has filed an appeal in the ('Appellate Tribunal'). The case is open for argument and the total sum payable which is contingent upon the court's decision stands at Rs. 12.5 million as unpaid lease rentals.

- 18.1.4 On 29 November 2012, Shaheen Insurance Company Limited and First Capital Securities Corporation Limited (on behalf of First Capital Group) entered into an agreement whereby, it was agreed that liability pertaining to reverse repo transaction amounting to Rs 99,888 million along with insurance premium payable amounting to Rs 88,859 million from First Capital Group shall be settled vide sale of 4.7 million shares of First Capital Equities Limited to Shaheen Insurance Company Limited at a price of Rs. 40. Included in the insurance payable is Rs 57,962 million pertaining to Pace (Pakistan) Limited. It was agreed that Shaheen Insurance Company Limited will be allowed to sell the share after two years, however, the first right to refusal shall be given to the First Capital Group. Further, First Capital Group guaranteed to buy back the shares at Rs 40 in case the shares are not saleable in open market. The agreement was subsequently amended on March 7, 2013 to remove restriction of holding period of two years. In addition to that, the guarantee to buy back was also revoked.

On 24 April 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs 188,747 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs 57,962 million. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim and consequently no provision has been made in these financial statements.

18.2 Commitments

- 18.2.1 Commitments in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited, amounts to Rs. 115,690 million (2018: Rs. 206,743 million) and Capital Heights (Private) Limited, amounts to Rs. 74,505 million (2018: 149,927 million).
- 18.2.2 Corporate guarantee on behalf of Pace Barka Properties Limited, a related party, in favor of The Bank of Punjab, amounting to Rs. 900 million (2018: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.
- 18.2.3 The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	2019 --- (Rupees in thousand) ---	2018
Less than one year		11,074	9,844
Between one and five years		53,833	46,758
More than five years		672,458	695,530
		<u>737,365</u>	<u>752,132</u>

19 Property, plant and equipment

Operating fixed assets	19.1	439,657	423,711
Capital work in process	19.2	28,807	28,448
		<u>468,464</u>	<u>452,159</u>

16.07.2019

Net carrying value basis

Year ended 30 June 2019

Operating net book value (NBV)^{*}
 Additions (at cost)
 Transfers from leased asset at NBV
 Disposals (at NBV)
 Depreciation charge

Closing net book value (NBV)

Gross carrying value basis

As at June 2019

Cost
 Accumulated depreciation

Net book value NBV

Depreciation % per annum

Net carrying value basis

Year ended 30 June 2018

Operating net book value (NBV)
 Additions (at cost)
 Transfers from leased asset at NBV
 Disposals (at NBV)
 Depreciation charge

Closing net book value (NBV)

Gross carrying value basis

As at June 2018

Cost
 Accumulated depreciation

Net book value NBV

Depreciation % per annum

(Rupees in thousand)

Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
155,152	-	102,641	54,149	22,599	68,315	2,606	3,514	314	14,130	433,711
-	-	-	-	-	42,000	-	-	-	-	(41,000)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	(5,132)	(5,428)	(2,262)	(9,630)	(261)	(351)	(104)	(2,881)	(16,014)
155,152	-	97,509	48,721	20,337	100,685	2,345	3,163	210	11,244	433,687
10%	10%	5%	3%	10%	10%	10%	10%	33%	20%	
155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,007
-	-	-	-	-	14,900	-	-	-	4,000	22,800
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	(5,403)	(5,428)	(2,510)	(5,876)	(249)	(390)	(155)	(3,572)	(23,623)
155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,400	433,711
10%	10%	5%	3%	10%	10%	10%	10%	33%	20%	
155,152	-	179,470	179,122	85,795	125,588	11,663	11,691	10,087	57,590	816,008
-	-	(76,829)	(124,973)	(63,205)	(57,273)	(9,077)	(8,287)	(9,773)	(42,960)	(392,377)
155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,400	433,711
10%	10%	5%	3%	10%	10%	10%	10%	33%	20%	

* Freehold land represents the uncovered area of Main Boulevard Project, MM Alam Road Project, Model Town Link Road Project, Gujranwala Project, Gujranwala Project, which is not saleable in the ordinary course of business.

** Leasehold land represents a piece of land transferred in the name of the Company by the Ministry of Defence, measuring 20,354 square yards situated at Survey No. 131/A, Airport Road, near Allama Iqbal International Airport, Lahore Cantt. The Company secured the bid for the said piece of land on behalf of Pace Baska Properties Limited (PBPL), an associated undertaking, since at the time of bidding PBPL was in the process of incorporation. Subsequent to the bidding, payment was made by PBPL but the Ministry of Defence refused to transfer the said piece of land in the name of PBPL as it was not the original bidder, therefore the legal ownership has been transferred in the name of the Company. Consequently, to avoid additional transaction costs relating to transfer of legal ownership, the Company has entered into an agreement with PBPL, whereby the possession of the land and its beneficial ownership has been transferred to PBPL through an Irrevocable General Power of Attorney dated May 15, 2007.

*** Building on leasehold land represents 8,227 square feet (2018: 8,227 square feet) relating to 2nd and 3rd floors of Fortress Project, Lahore the right of which has been acquired for 33 years in 2011 from Fortress Stadium management, Lahore Cantt.

non-LSP

19.1.1 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (acres)	*Covered Area (Square Feet)
38,38/A,39, Block P, Model Town Link Road, Lahore	Shopping plaza	92,184	70,152
40, Block P, Model Town Link Road, Lahore	Shopping plaza	40,755	21,933
Bridge Point Plaza, Fortress Stadium, Lahore Cantt.	Shopping plaza	32,081	24,431
96-B-I, M.M Alam Road, Gulberg - III, Lahore	Shopping plaza	85,054	66,942
Mouza Dhola Zarri, Main GT Road Gujranwala	Shopping plaza	74,824	53,602
Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat	Shopping plaza	112,347	85,347
124/E-1 Main Boulevard Gulberg III Lahore	Shopping plaza	115,833	81,601
Bedian Road, Lahore	Management Office	7,875	-

The buildings on freehold land and other immovable assets of the Company are constructed / located at above mentioned freehold land.

* The covered area includes multi storey buildings.

	Note	2019 --- (Rupees in thousand) ---	2018
Depreciation charge for the year has been allocated as follows:			
Cost of revenue	31.3	13,527	13,351
Administrative and selling expenses	32	12,527	10,272
		<u>26,054</u>	<u>23,623</u>

19.1.2 Operating fixed assets includes a vehicle, having cost of Rs. 1,394 million (2018: Rs. 1,394 million), which is fully depreciated but still in use as at June 30, 2019.

19.2 This amount relates to the 3rd floor of Pace Tower, covering an area of 4,170 square feet, which is under construction and is to be held for use.

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20	Intangible assets	Note	2019	2018
			--- (Rupees in thousand) ---	
	Optical fiber	20.1	4,161	4,637
	Computer software	20.2	358	398
			<u>4,519</u>	<u>5,035</u>
20.1	Optical fiber			
	Cost		9,508	9,508
	<u>Accumulated amortisation</u>			
	As at 01 July		4,871	4,395
	Amortisation for the year		476	476
			<u>5,347</u>	<u>4,871</u>
	WDV as at 30 June		<u>4,161</u>	<u>4,637</u>
	Rate of amortisation		<u>5%</u>	<u>5%</u>
20.2	Computer software			
	Cost		2,878	2,878
	<u>Accumulated amortisation</u>			
	As at 01 July		2,480	2,436
	Amortisation for the year		40	44
			<u>2,520</u>	<u>2,480</u>
	WDV as at 30 June		<u>358</u>	<u>398</u>
	Rate of amortisation		<u>10%</u>	<u>10%</u>

The computer software and Optical fiber implemented at the Company is being amortised at the rate of 10 percent and 5 percent per annum respectively. Amortisation is charged using reducing balance method except Optical fiber which is being amortised using straight line method.

21 Investment property

	Cost		Fair value	
	2019	2018	2019	2018
(Rupees in thousand)				
Opening value	730,182	1,583,234	1,662,942	3,464,202
- Disposal of investment properties	-	(853,052)	-	(1,731,430)
Closing value before revaluation as at June 30	730,182	730,182	1,662,942	1,732,772
Fair value gain / (loss) recognised in the statement of profit or loss	-	-	5,799	(69,830)
As at 30 June	<u>730,182</u>	<u>730,182</u>	<u>1,668,741</u>	<u>1,662,942</u>

21.1 The forced sale value of investment property amounts to Rs. 1,418.429 million (2018: Rs. 1,413.501 million).

Investment properties represent the Company's interest in land and buildings situated at Model Town Lahore, Gulberg Lahore, Gujranwala and Gujrat.

These are either leased to third parties or held for value appreciation. Changes in fair values are recognised and presented separately as "Gain / (loss) from change in fair value of investment property" in the statement of profit or loss.

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21.1.1 Fair value

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuer KG Traders, having appropriate recognised professional qualifications. The independent valuers provide the fair value of the Company's investment property portfolio annually. Latest valuation of these assets was carried out on June 30, 2019. The level 2 fair value of freehold land has been derived using the sales comparison approach. Level 3 fair value of Buildings has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value.

The following is categorization of assets measured at fair value at 30 June 2019:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,535,816	1,535,816
	-	132,925	1,535,816	1,668,741

The following is categorization of assets measured at fair value at 30 June 2018:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,530,017	1,530,017
	-	132,925	1,530,017	1,662,942

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer fair value hierarchy for the valuation techniques adopted.

Description	Significant Unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings	- Cost of construction of a new similar building - Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

22 Long term investments

Equity instruments of:
- subsidiaries - unquoted
- associated undertakings - unquoted

Note	2019 --- (Rupees in thousand) ---	2018
22.1	91,670	91,670
22.2	758,651	758,651
	850,321	850,321

22.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited
3,000 (2018: 3,000) fully paid ordinary shares of Rs 10 each

30 30

Equity held 52% (2018: 52%)

Pace Super Mall (Private) Limited
9,161,528 (2018: 9,161,528) fully paid ordinary shares of Rs 10 each

91,615 91,615

Equity held 57% (2018: 57%)

Pace Gujrat (Private) Limited
2,450 (2018: 2,450) fully paid ordinary shares of Rs 10 each

25 25

Equity held 100% (2018: 100%)

91,670 91,670

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	2019	2018
	--- (Rupees in thousand) ---	
22.2 Associate - unquoted		
Pace Barka Properties Limited		
75,875,000 (2018: 75,875,000) fully paid ordinary shares of Rs. 10 each		
Equity held 24.86% (2018: 24.86%)	<u>758,651</u>	<u>758,651</u>

23 Long term advances and deposits

These are in the ordinary course of business and are interest free advances and deposits.

24 Deferred taxation

The liability/(asset) for deferred taxation comprises temporary differences relating to:

	2019	2018
	--- (Rupees in thousand) ---	
Accelerated tax depreciation	201,885	170,844
Employee retirement benefits	(13,312)	(16,144)
Provision for net realisable value	(6,718)	-
Provision for doubtful receivables	(55,695)	(55,684)
Deferred cost	(75)	(89)
Unused tax losses	<u>(126,085)</u>	<u>(98,927)</u>
	<u>-</u>	<u>-</u>

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward under section 113 of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Rs 281.153 million (2018: Rs 292.466 million) in respect of tax losses and Rs 93.879 million (2018: 92.505 million) in respect of minimum tax paid available for carry forward under section 113 and 113C of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid under section 113 of Income Tax Ordinance, 2001 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million, Rs 4.255 million and Rs 9.218 million will lapse in the year 2019, 2020, 2021, 2022 and 2023 respectively. Minimum tax paid under section 113 C of Income Tax Ordinance, 2001 aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2019, 2020 and 2021 respectively.

		2019	2018
		--- (Rupees in thousand) ---	
25 Stock-in-trade	<i>Note</i>		
Land not under development	25.1	21,600	21,600
Land purchased for resale	25.2	930,765	333,000
Work in progress			
Pace Tower	25.3	600,317	603,998
Pace Circle	25.4	687,054	595,966
Completed units - shops		<u>549,753</u>	<u>422,991</u>
		2,789,489	1,977,555
Stores inventory		737	934
		<u>2,790,226</u>	<u>1,978,489</u>

1,977,555

25.1 This represents the space purchased at Pace Supermall by the Company from its subsidiary for the purpose of resale and thus it is classified under stock.

25.2 This represents plot purchased for resale purposes amounting to Rs. 930.765 (2018: Rs. 333 million).

25.3 Included in work in progress are borrowing costs of Rs. 101 million (2018: Rs. 101 million).

25.4 Pace Circle is a project carried by Pace Barka (Private) Limited (an associate company). The project is under construction as at year end and the Company has realized the cumulative payments made till the year end as at 30 June 2019 as its inventory while remaining amount is shown in commitments note. The payments made during the year amounted to Rs. 91.088 million and is made part of inventory.

	Note	2019 --- (Rupees in thousand) ---	2018
26 Trade debts			
<i>Secured</i>			
Considered good		424,753	494,581
<i>Unsecured</i>			
Considered doubtful		180,848	192,016
		605,601	686,597
Less: Impairment allowance	40.1	(180,848)	(192,016)
		424,753	494,581
26.1 This includes the following amounts due from related parties:			
Rema & Shehrbano		185	50
First Capital Investment Limited & First Capital Mutual Fund		504	504
First Capital Equities Limited		1,596	1,079
First Capital Securities Corporation Limited		6,881	6,681
Conatural cosmetics		181	-
		9,347	8,314
26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 10.629 million (2018: Rs. 9.150 million).			

	Note	2019 --- (Rupees in thousand) ---	2018
27 Advances, deposits, prepayments and other receivables			
<i>Advances - considered good:</i>			
- to employees	27.1	16,124	14,931
- to suppliers	27.2	118,460	70,132
Advance against purchase of property	27.3	221,567	542,000
Security deposits	27.4	12,285	12,275
Receivable against sale of investment property		99,979	545,124
Others - considered good	27.5	9,244	24,107
		477,659	1,208,569

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- 27.1 Advances to employees include advances against salary and gratuity, repayable within one year and at the time of final settlement respectively. This includes Rs. 1.8 million advance given to executive employee of the Company.

- 27.2 This includes the following amounts due from related parties:

	2019	2018
	--- (Rupees in thousand) ---	
Ever Green Water Valley (Private) Limited	65,386	52,628
World Press (Private) Limited	447	447
	<u>65,833</u>	<u>53,075</u>

- 27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 80.302 million (2018: 53.075 million)
- 27.3 The amount reflects advance paid against the purchase of 4.9 kanal plot at Shadman, Lahore from a related party Evergreen Water Valley (Private) Limited. The maximum aggregate advance given to this related party at the end of any month was Rs. 221.567 million (2018: Nil).
- 27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.5 million against assets acquired under finance lease. The amount is under dispute and management expects to recover the amount in full.
- 27.5 This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 7.8 million. The amount also includes impairment allowance of Rs. 19.418 million recognised in the current year.

28 Income tax refundable

This represents mainly withholding tax deducted from profit on bank deposits and rental income from property and advance tax paid on electricity bills under Section 151, 152 and 235 respectively of the Income Tax Ordinance, 2001.

	Note	2019	2018
		--- (Rupees in thousand) ---	
29 Cash and bank balances		707	203
Cash in hand			
Cash at banks			
- Current accounts	29.1	164,467	31,520
- Saving accounts	29.2	219	265
		<u>164,686</u>	<u>31,785</u>
		<u>165,393</u>	<u>31,988</u>

- 29.1 This includes Rs. 100 million (2018: Nil) on which lien is marked against sale of property to MCB for further development charges at Pace Tower.

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29.2 This carries profit at the rates ranging from 3% to 10% (2018: 3% to 5%) per annum.

		2019	2018
		--- (Rupees in thousand) ---	
30	Revenue		
	Development services	339,407	386,580
	Sale of property	-	130,439
	Display of advertisements	33,494	29,280
	Service charges - net	30,562	50,559
	Revenue from contract with customers	403,463	596,858
	Other revenue		
	Rental income from lease of investment property	36,882	43,095
	Total revenue	440,345	639,953

30.1 Development services recognised at percentage of completion basis

	2019	2018
	--- (Rupees in thousand) ---	
Revenue recognised to date	1,579,832	1,240,425
Aggregate cost incurred to date	(1,357,057)	(1,120,493)
Recognised profit to date	222,775	119,932

The revenue arising from agreements, that meet the criteria for revenue recognition on the basis of percentage of completion method, during the year is Rs. 339.407 million (2018: Rs 386.580 million). Rs. 441 million was (2018: Rs. 350.071 million) received during the year against these agreements.

30.2 Services charges - net

The breakup of costs against service income recorded during the year is as follows:

	2019	2018
	--- (Rupees in thousand) ---	
Insurance	3,021	4,451
Fuel and power	107,938	98,176
Janitorial and security charges	13,258	13,393
	124,217	116,020

30.3 Disaggregation of revenue by:

Timing of revenue recognition

	2019	2018
	--- (Rupees in thousand) ---	
At point in time	-	130,439
Over time	403,463	466,419
	403,463	596,858

30.4 Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

		2019	2018
		--- (Rupees in thousand) ---	
Receivables, which are included in			
trade debts	26	605,601	686,597
Contract liability	30.4.1 & 14	254,564	168,747

14/01/2020

30.4.1 The contract liabilities primarily relate to the advance consideration received from customers against sale of properties and development services.

		2019	2018
		--- (Rupees in thousand) ---	
	Note		
31 Cost of revenue			
Shops and commercial buildings sold			
- at percentage of completion basis	31.1	236,564	364,829
- at completion of project basis	31.2	-	103,583
Write down value to inventory to net realisable value		23,166	80,935
Stores operating expenses	31.3	86,745	98,755
		<u>346,475</u>	<u>648,102</u>
31.1 Shops / apartments and commercial buildings sold at percentage of completion basis			
Opening work in progress		603,998	437,420
Purchase of inventory		171,485	640,831
Project development costs		76,431	59,840
Property disposed / settled against loans		(15,033)	(169,264)
Closing work in progress		(600,317)	(603,998)
Cost of shops / apartments and commercial buildings sold during the year		<u>236,564</u>	<u>364,829</u>
31.2 Shops / apartments and commercial buildings sold at completion of project basis			
		2019	2018
	Note	--- (Rupees in thousand) ---	
Opening inventory of shops and houses		755,991	304,201
Purchased during the year		155,693	636,308
Transfer from advances and prepayments		592,000	-
Write down of inventory to net realisable value		(23,166)	(80,935)
Closing inventory of shops		(549,753)	(422,991)
Closing inventory of land		(930,765)	(333,000)
		<u>-</u>	<u>103,583</u>
31.3 Stores operating expenses			
Salaries, wages and benefits	31.3.1	43,196	47,174
Rent, rates and taxes		8,986	12,039
Depreciation on owned assets	19.1.1	13,527	13,351
Repairs and maintenance		10,503	12,319
Others		10,533	13,872
		<u>86,745</u>	<u>98,755</u>

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31.3.1 Salaries, wages and benefits include following in respect of gratuity and leave encashment:

	Note	2019 --- (Rupees in thousand) ---	2018
Current service cost		2,520	1,068
Interest cost		1,504	402
		<u>4,024</u>	<u>1,470</u>

32 Administrative and selling expenses

Salaries, wages and benefits	32.1	54,628	61,812
Travelling and conveyance		2,641	2,814
Rent, rates and taxes		205	520
Insurance		1,958	2,802
Printing and stationery		701	653
Repairs and maintenance		2,835	2,043
Motor vehicles running		4,289	4,148
Communications		2,982	2,871
Advertising and sales promotion		247	6,624
Depreciation on owned assets	19.1.1	12,527	10,272
Amortisation on intangible assets	20	516	520
Auditors' remuneration	32.2	3,200	2,855
Legal and professional		4,027	3,826
Commission on sales		44,113	55,701
Office expenses		14,528	7,080
Other expenses		12,604	6,087
		<u>162,001</u>	<u>170,628</u>

32.1 Salaries, wages and benefits include following in respect of gratuity and leave encashment:

	2019 --- (Rupees in thousand) ---	2018
Current service cost	3,781	7,329
Interest cost	2,257	2,965
	<u>6,038</u>	<u>10,294</u>

32.2 Auditors' remuneration

The charges for auditors' remuneration includes the following in respect of auditors' services for:

Statutory audit	2,000	1,800
Half yearly review	700	600
Audit of consolidated financial statements,	200	200
Statutory certification	100	100
Out of pocket expenses	200	155
	<u>3,200</u>	<u>2,855</u>

14/07/2021

		2019	2018
	Note	--- (Rupees in thousand) ---	
33	Other income		
	<u>Income from financial assets</u>		
		720	45
	Mark-up on bank accounts	1,238	1,238
	Commission on guarantee	33.1	
	<u>Income from non-financial assets</u>		
		-	727
	Gain on sale of property, plant and equipment	-	5,100
	Scrap sales	-	122,176
	Gain on disposal of investment property		
	<u>Others</u>		
		-	23,119
	Gain on settlement-of loans	6,627	6,786
	Income from parking and storage	1,461	4,374
	Miscellaneous Income	932	-
	Others	10,978	163,565

33.1 This represents commission income on guarantee provided on behalf of Pace Barka Properties Limited, an associate.

		2019	2018
		--- (Rupees in thousand) ---	
34	Other operating expenses		
		-	1,026
	Loss on sale of investment property	-	1,026
35	Finance cost		
	Interest and mark-up on:		
	- Long term finances - secured	3,681	1,687
	- Foreign currency convertible bonds - unsecured	25,892	19,140
	- Redeemable capital - secured (non-participatory)	101,839	84,801
	- Interest expense on unwinding of Pak Iran Joint Investment Company	4,036	3,064
	- Liabilities against assets subject to finance lease	946	3,806
		136,394	112,498
	Bank charges and processing fee	1,917	1,553
		138,311	114,051

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36 Taxation

	2019	2018
	--- (Rupees in thousand) ---	
<i>Current:</i>		
- For the year	6,433	9,218
- Prior years	-	2,508
	<u>6,433</u>	<u>11,726</u>
 Deferred tax for the year	 <u>6,433</u>	 <u>11,726</u>

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2018 Minimum Tax under Section 113 of Income Tax Ordinance, 2001).

36.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2019	2018
	%	%
Applicable tax rate	29.00	30.00
Tax effect of amounts that are:		
Non deductible expenses	(0.31)	-
Income not chargeable to tax	-	(4.21)
Minimum tax u/s 113 for the year	0.68	1.76
Effect of change in prior years' tax	-	0.48
Current year losses for which no deferred tax asset is recognised	(28.46)	(25.79)
Others	(0.23)	-
	<u>(28.32)</u>	<u>(27.76)</u>
Average effective tax rate	<u>0.68</u>	<u>2.24</u>

For the purposes of current taxation, the tax losses available for carry forward as at 30 June 2019 are estimated approximately at Rs 969.493 million (2018: Rs 1,523.954 million).

37 Loss per share - basic and diluted

The calculation of basic and diluted loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. There are no dilutive potential ordinary shares outstanding as at 30 June 2019 (2018: Nil).

	2019	2018
	--- (Rupees in thousand) ---	
Loss for the year	<u>(929,252)</u>	<u>(537,062)</u>
Weighted average number of ordinary shares outstanding during the year	<u>278,877</u>	<u>278,877</u>

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	Note	2019 --- (Rupees in thousand) ---	2018
38 Cash generated from / (used in) operations			
Loss before tax		(922,819)	(525,336)
Adjustment for:			
Exchange loss on foreign currency convertible bonds	12.2	724,904	277,886
Provision for gratuity and leave encashment	13.1 & 13.2	10,062	11,764
Depreciation on owned assets	19.1.1	26,054	23,623
Amortisation on intangible assets	20	516	520
Changes in fair value of investment property	21	(5,799)	69,830
Impairment loss on trade receivables		8,250	47,331
Loss on sale of investments	34	-	1,026
Write down of inventory to net realisable value	31.2	23,166	80,935
Finance costs	35	136,394	112,498
Mark-up income	33	(720)	(45)
Gain on sale of property, plant and equipment		-	(727)
Gain on sale of investment property		-	(122,176)
Gain on settlement of loans		-	(23,119)
Loss before working capital changes		8	(45,990)
Effect on cash flow due to working capital changes:			
Increase in stock-in-trade		(223,410)	(864,034)
Increase in trade debts		25,533	113,484
(Increase) / decrease in advances, deposits and other receivables		119,492	(565,130)
Increase in contract liability		121,787	18,205
Increase in creditors, accrued and other liabilities		154,467	109,274
		197,869	(1,188,201)
Cash and cash equivalents		197,877	(1,234,191)
Cash and bank balances		165,393	31,988

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38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

		30 June 2019					
		Equity		Liabilities			
		Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured
							Accrued finance cost
		(Rupees in thousand)					
Balance as at 01 July 2018		2,788,766	273,265	78,475	935,571	18,046	2,054,739
							971,357
<u>Cash flows</u>							
Long term loan paid during the year		-	-	(5,300)	-	-	-
Repayment of lease rentals		-	-	-	-	-	-
Finance cost paid		-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-
Total changes from financing cash flows		-	-	(5,300)	-	-	-
<u>Non-cash changes</u>							
Exchange loss		-	-	-	-	-	-
Finance cost/unwinding of interest expense		-	-	4,036	-	-	106,466
Total non-cash changes		-	-	4,036	-	-	106,466
Closing as at 30 June 2019		2,788,766	273,265	77,211	935,571	18,046	2,805,535
							1,077,823

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Transactions with related parties

The related parties comprise of subsidiary companies, associated company, other related companies, directors of the Company and entities under common directorship and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these unconsolidated financial statements and remuneration of key management personnel is disclosed in note 42. All transactions with related parties have been carried out on mutually agreed terms and conditions. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of Company	Relationship	Nature of transactions	2019	2018
			--- (Rupees in thousand) ---	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	1,238	1,238
		Shared expenses charged by the Company	2,084	3,891
		Rental income	3,863	3,476
		Receipts against Pace Circle	2,804	20,366
		Purchase of inventory	91,000	1,800
			400,000	-
First Capital Securities Corporation Limited	Common Directorship	Receipts against sale of investment property	-	1,500,000
		Sale of investment property	3,057	5,494
		Service charges	-	504
First Capital Investment Limited	Common Directorship	Rental income	672	-
		Shared expenses charged by the Company	1,025	-
Ever Green Water Valley (Private) Limited	Common Directorship	Purchase of property, plant and equipment	42,000	14,077
		Advance against purchase of land	221,567	-
		Purchase of goods and services	51,158	52,800
		Shared expenses charged by the Company	1,025	20
First Capital Equities Limited	Common Directorship	Proceed against sales of property other than investment property	35,845	349,571
		Rental income	643	978
		Purchases	280	-
		Shared expenses charged by the Company	1,025	-
Media Times Limited	Common Directorship	Rental income	14,148	12,569
		Purchase of goods and services	1,398	2,237
Rema and Shehrbano	Common Directorship	Service charges	2,412	1,991
Conatural	Common Directorship	Service charges	1,370	743
Post Employment Benefit Plans		Gratuity and leave encashment	1,275	1,275

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The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

40.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. As part of these processes the financial viability of all counterparties are regularly monitored and assessed.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

	Note	2019 --- (Rupees in thousand) ---	2018 --- (Rupees in thousand) ---
Long term advances and deposits		13,619	13,619
Trade debts	26	605,601	686,597
Advances, deposits, prepayments and other receivables		137,632	596,437
Bank balance	29	164,686	31,785
		<u>921,538</u>	<u>1,328,438</u>

Trade receivables

All the counterparties are of domestic origin. Ageing of the trade debts is as under:

	2019 Gross --- (Rupees in thousand) ---	Impairment --- (Rupees in thousand) ---
The ageing of trade debts against properties including related parties at reporting date is as follows:		
- Past due 0 - 365 days	-	-
- 1 - 2 years	33,307	-
- More than 2 years	391,446	-
	<u>424,753</u>	<u>-</u>

Based on the amount of collateral held, the management believes that no impairment allowance is necessary in respect of unprovided past due amounts pertaining to receivable against properties as there are reasonable grounds to believe that the loss given default will not be material. However, receivable against service charge, display of advertisement and rental income is fully provided for as the management does not expect to recover the amount.

Comparative information under IAS 39

	2018 (Rupees in thousand)
- Not past due	-
- Past due 0 - 365 days	41,289
- 1 - 2 years	12,739
- More than 2 years	440,553
	<u>494,581</u>

Bank balances

The Company held cash and cash equivalents of Rs. 164.686 million at 30 June 2019 (2018: Rs. 31.785 million).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9, no impairment was determined as at 30 June 2018 and there has been no change in management assessment at the reporting date.

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The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2019	2018
	Short term	Long term			
--- (Rupees in thousand) ---					
Bank Islamic Pakistan Limited	A1	A+	PACRA	9	10
Allied Bank Limited	A1+	AAA	PACRA	42	17,860
Soneri Bank Limited	A1+	AA-	PACRA	7	7
Silk Bank Limited	A-	A-2	JCR-VIS	72	72
Bank Alfalah Limited	A1+	AA+	PACRA	14	6
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	7	6
Askari Bank Limited	A1+	AA+	JCR-VIS	5	5
Faysal Bank Limited	A1+	AA	PACRA	590	31
United Bank Limited	A-1+	AAA	JCR-VIS	6	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
MCB Bank Limited	A1+	AAA	PACRA	163,932	780
Dubai Islamic Bank Pakistan Limited	A-1+	AA-	JCR-VIS	-	13,000
				164,686	31,785

40.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities. Financial liabilities comprise trade and other payables and due to related parties.

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments.

	2019			
	Carrying amount	One year or less	One to five years	More than five years
	--- (Rupees in thousand) ---			
Long term finances - secured	77,211	27,401	49,810	-
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,805,535	2,805,535	-	-
Creditors, accrued and other liabilities	677,555	677,555	-	-
Accrued finance cost	1,077,823	1,077,823	-	-
	5,591,741	5,541,931	49,810	-
	Rupees			
	2018			
	Carrying amount	One year or less	One to five years	More than five years
	Rupees			
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	517,560	517,560	-	-
Accrued finance cost	971,357	971,357	-	-
	4,575,748	4,521,616	47,936	6,196

40.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

40.4 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to foreign currency risk as at the reporting date.

12/01/2020

The Company is exposed to currency risk arising from primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to foreign currency convertible bonds. The Company's exposure to currency risk was as follows:

	2019	2018
	--- (USD in thousand) ---	
Foreign Currency Convertible Bonds- USD	17,055	16,898

Following is the Company's exposure to currency risk:

The exchange rate applicable at the reporting date is 164.50 (2018: 121.60)

At reporting date, if the PKR had strengthened by one rupee against USD with all other variables held constant, profit for the year would have been higher by Rs. 17.055 million, mainly as a result of net foreign exchange gain on translation of foreign currency loans.

The weakening of the PKR against USD would have had an equal but opposite impact on the profit for the year.

40.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2019		2018	
		Financial asset	Financial liability	Financial asset	Financial liability
		--- (Rupees in thousand) ---			
<u>Non-derivative financial - instruments</u>	<i>Note</i>				
Fixed rate instruments					
Long term finances - secured	9.2	-	19,043	-	24,343
Foreign currency convertible bonds	12	-	2,805,535	-	2,054,739
Cash at bank		219	-	265	-
Variable rate instruments					
Redeemable capital - secured	10	-	935,571	-	935,571
Liabilities against assets subject to finance lease	11	-	18,046	-	18,046
		219	3,778,195	265	3,032,699

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 statement of profit or loss.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Profit or loss 100 bps			
2019		2018	
Increase	Decrease	Increase	Decrease
Rupees			
9,536	(9,536)	9,536	(9,536)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

40.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

40.7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2019	2018
	--- (Rupees in thousand) ---	
Borrowings	3,818,317	3,068,785
Total equity	986,448	1,912,746
Total capital	4,804,765	4,981,531
Gearing Ratio	79%	62%

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The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	30 June 2019				
	Carrying amount		Fair value		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2 Level 3
----- (Rupees in thousand) -----					
<i>Note</i>					
Financial instruments					
30 June 2019					
<i>Financial assets not measured at fair value</i>					
Long term advances and deposits	13,619	-	13,619	-	-
Trade debts	424,753	-	424,753	-	-
Advances, deposits, prepayments and other receivables	137,632	-	137,632	-	-
Cash and bank balances	165,393	-	165,393	-	-
41.2	741,397	-	741,397	-	-
<i>Financial liabilities not measured at fair value</i>					
Long term finances - secured	-	77,211	77,211	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-
Liabilities against assets subject to finance lease	-	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	-	2,805,535	2,805,535	-	-
Trade and other payables	-	677,555	677,555	-	-
Accrued finance cost	-	1,077,823	1,077,823	-	-
41.2	-	5,591,741	5,591,741	-	-

41.2

41.1 Fair value measurement of financial instruments

	30 June 2018				
	Carrying amount		Fair value		
Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
----- (Rupees in thousand) -----					
Note					

Financial liabilities not measured at fair value

Long term finances - secured	-	78,475	78,475	-	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease	-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured	-	2,054,739	2,054,739	-	-	-
Trade and other payables	-	517,560	517,560	-	-	-
Accrued finance cost	-	971,357	971,357	-	-	-
41.2	-	4,575,748	4,575,748	-	-	-

41.2 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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42 Remuneration of Chief Executive, Directors and Executives

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

	DIRECTORS				Executives	
	Chief Executive		Executive			
	2019	2018	2019	2018	2019	2018
----- (Rupees in thousand) -----						
Managerial remuneration	7,600	7,600	2,851	2,851	5,154	4,587
House allowance	3,040	3,040	1,140	1,140	2,062	1,835
Utilities	760	760	285	285	515	459
Staff retirement benefit- Gratuity	950	950	356	356	690	652
Leave encashment	1,267	633	434	238	740	435
	<u>13,617</u>	<u>12,983</u>	<u>5,066</u>	<u>4,870</u>	<u>9,161</u>	<u>7,968</u>

43 Number of employees

	2019	2018
Total number of employees as at June 30	<u>231</u>	<u>236</u>
Average number of employees during the year	<u>233.5</u>	<u>265</u>

44 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on _____ by the Board of Directors of the Company.

45 Corresponding figures

Corresponding figures have been re-arranged and re-classified for the purposes of comparison and better presentation as per the reporting framework as follows:

- Finance charge on foreign currency convertible bonds as disclosed in note 30 previously, has been reclassified to finance cost.

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Lahore


Chief Executive Officer


Director


Chief Financial Officer

Pace (Pakistan) Limited (“the Company” or “Pace”)

Directors’ Report (Year Ended June-2019) Consolidated Financial Statements

General Economic Overview

Pakistan’s economy continued to grow in Financial Year 2019 (“FY19”), reaching 5.8 percent. The growth was driven by higher consumption demand, fueled by accommodative fiscal and monetary policies; resulting in widening macroeconomic imbalances. Current account deficit (CAD) reached 6.1 percent of GDP in FY18, up from 4.1 percent in FY17. The widening CAD reflects the growing trade deficit as exports struggled to catch up with steady acceleration in imports due to high domestic demand. Fiscal deficit widened to 6.6 percent (excluding grants) in FY18, reversing fiscal consolidation efforts in previous years. The main reasons for the fiscal slippage was a large increase in recurrent spending together with low revenue growth (non-tax revenues).

The new government took steps to address these imbalances, but outcomes by mid-year suggest that further adjustments will be necessary. Leading indicators for real sector activity suggest a contraction in demand. Large scale manufacturing, which accounts for 65 percent of overall industrial output, contracted by 2.3 percent between July-January FY19. In agriculture, four of the five major crops have witnessed a y-o-y decline in production, due to water shortages and a decline in production area. The exchange rate has continued to depreciate, with a cumulative depreciation of 13.6 percent between July 2018 and March 2019. As a result of exchange rate depreciation, demand side pressures and higher fuel prices, inflationary pressures have increased, and average headline inflation reached 6.8 percent in the period between July 2018 and March 2019 (as compared to 3.8 percent in the same period last year). In response to higher inflationary pressures, the State Bank of Pakistan has increased the policy rate by a cumulative 425 bps to 10.75 percent since July 2018.

CAD reached 3.3 percent of GDP in Jul-Feb FY19 compared to 3.7 percent in Jul-Feb FY18. Overall imports contracted by 1.6 percent (y-o-y) but exports also declined by 0.1 percent (y-o-y) in spite of the exchange rate depreciation. Over the same period, remittances experienced healthy growth, but foreign direct investment declined. By mid-January international reserves had fallen to US\$6.6 billion (or 1.3 months of imports). With short term financing from the Kingdom of Saudi Arabia, United Arab Emirates and China reserves increased to US\$10.5 billion (or 2.0 months of imports) by end-March 2019. Meanwhile, the government continues to negotiate a support package with the International Monetary Fund. Large increases in debt servicing and defense expenditures resulted in higher fiscal deficit in H1-FY19 which reached 2.7 percent of GDP (compared to 2.2 percent in H1-FY18). The FY19 fiscal deficit is projected between 6.8-7.0 percent of GDP, a slippage of 2.7-2.9 percentage points compared to the budgeted target.

The projected poverty rate is expected to continue declining in FY19. Poverty head-count measured using the \$1.90 international poverty line is estimated at 3.1 per-cent for FY19, down from 4 percent in 2015 (the most recent official numbers). Poverty at the \$3.2 poverty line is estimated to have fallen by approximately 3.4 percentage points to 31.3 percent during the same period; and using the \$5.5 poverty line to 72.6 percent (a 2.8 percentage points decline since 2015).

Growth is projected to decelerate in FY19 and FY20, as the government tightens fiscal and monetary policies. As macroeconomic conditions improve, and a package of structural reforms in fiscal management and competitiveness is implemented, growth is expected to recover from FY21 onwards. Together with the macroeconomic adjustments, there is an urgent need to implement structural reforms to support the growth rebound. Reforms to put the country on a stable growth path include increased exchange rate flexibility, improved competitiveness and lower cost of doing business. On the revenue front, reforms to improve tax administration, widen the tax base and facilitate tax compliance are critical.

Real Estate Overview

Pakistan's real estate sector is contributing nearly two percent to the country's GDP. The sector contributes immensely to the wider economy and continues to provide impetus for overall national growth.

Pakistan's property market has been on an upward trend for the past decade. With a population in excess of 200 million the concentration of economic activity is limited to three major cities: Karachi, Lahore and Islamabad, and if the country is to evolve into a major economic player it needs to decentralize more of its economic activity. Currently, the housing shortage is estimated to be over nine million units with demand growing at a rate of 0.7 million new units per year. One of the main bottlenecks is the underdeveloped mortgage sector which accounts for meagre 0.5 percent of GDP. With a more accessible home loan market many more individuals and families could find the capital for their first time home. By 2025, the shortfall is predicted to swell to 20 million residential units. In order to catch up, Pakistan needs to construct one million new units each year, but the current building rate is just 150,000 per annum. For lower income families there is no option for a mortgage hence the overall housing shortage is expected to grow in the future. A World Bank report noted that the housing to finance ratio in Pakistan was one of the world's lowest at just one percent compared to 50 percent in developed nations.

Pace Group's Performance and Financial Overview

An extract of the audited results of Pace Group's ("the Group") financial performance for the year ended June 30, 2019 as against June 30, 2018 is as follows:

	Year Ended June 30	
	(Rupees in '000')	
	2019	2018
Net Sales	440,345	639,964
Cost of Sales	(346,475)	(648,102)
Gross profit/(loss)	93,870	(8,138)
Admin & Selling Expenses	(162,076)	(170,923)
Impairment loss on trade and other receivables	(8,661)	(47,331)
Other income	10,978	163,565
Other operating expenses	-	(1,026)
Finance cost	(138,311)	(114,051)
Exchange loss on foreign currency convertible bonds	(724,904)	(277,886)
Fair value gain/(Loss)	5,799	(69,830)
Share of (loss)/profit from equity accounted investee - net of tax	(27,498)	12,820
(Loss) before tax	(950,803)	(512,800)
(Loss) after tax	(943,101)	(521,751)
(Loss) per share	(3.38)	(1.87)

During the financial year ending 30th June 2019 (FY-2019), the sales of the Group decreased by 31%. The Group recorded the net sales of Rs. 440.345 million as compared to Rs. 639.964 million during last year, with a decrease of Rs. 199.619 million. Significant decrease is mainly due to the sale of shops in Gujrat, Model Town Extension and MM Alam plazas, last year of Rs. 130.439. In current period no such sale is reported. Further decrease of Rs. 19.997 and Rs 47.173 million, are attributable to the service charges and development charges respectively.

Group's Admin and Selling expenses decreased by 5% from Rs.170.923 million to Rs.162.076 million. The decrease is on account of commission expense paid in previous period on significant sale and purchase transaction of properties.

Other operating expenses substantially decreased by 100% from Rs.1.026 million to Nil. During the year, Other Income of the Group declined from Rs. 163.565 million last year to Rs.10.978 million during current year due to profit accrued on sale of investment properties last year.

Finance Cost of the Group showed a significant increase by 21 % as compared with last year, primarily due increase in KIBOR rates for the year from 7.03 % to 13.13%.

Exchange Loss on translation of Foreign Currency Convertible Bond increased from Rs 277.886 million to Rs 724.9 million owing to the devaluation of rupee against dollar (last year exchange rate of Dollar - PKR was 121.6 and current year, the rate is 164).

After incorporating the impact of aforementioned factors, the Net (Loss) After Tax (NLAT) of the Group arrived at Rs. 943.101 million during FY-2019, as compared with the Net Loss after Tax (NLAT) of Rs. 521.751 million during last year, which translated into Loss Per Share (LPS) of Rs. (3.38) for the year ended June 2019 (FY-2018: Earning per Share (EPS): Rs. 1.87 per share).

Status of Financial Obligations

The current maturity of long term loans increased to Rs. 3.786 billion as at 30th June 2019 from Rs. 3.032 billion for the corresponding period last year. . Such increase was witnessed on account of the fact that the FCCBs of the Group increased by 37% on account of exchange loss on outstanding liability as mentioned above. Further the remaining amount payable to financial institutions and lenders in respect of Group's borrowings is currently in overdue status because of the non-repayment of loans and accrued markup owing to the limited cash flows available to the Group, however we look forward to repay our commitments and obligations towards our financial lenders in near future as the construction and sales in respect of Pace Tower has already begun.

The Group's Ability to Continue as a Going Concern

At the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,628 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

The management is also striving to enter into settlement agreements with other Lenders of the Group, in order to improve the financial position and cash flow of the Group.

The management of the Group is confident that the above actions and steps shall enable the Group to realize its existing receivables, aid the sale of inventory from completed projects, and utilize the resultant liquidity for completion and sale of its Pace Towers project.

Risk Management

The Board recognizes that risk is an integral part of the business, and that it is characterized by both threat and opportunity. Pace fosters a risk aware corporate culture in all decision-making, and is committed to managing all risk in a proactive and effective manner through competent risk management. To support this commitment, risk is analyzed in order to inform the management decisions taken at all levels within the organization. Due to the limitations inherent in any risk management system, the process for identifying, evaluating and managing the material business risks is designed to manage, rather than eliminate, risk and to provide reasonable, but not absolute assurance, against material misstatement or loss. Certain risks, for example natural disasters, cannot be managed to an acceptable degree using internal controls. Such major risks are transferred to third parties in the local insurance markets, to the extent considered appropriate.

Internal Controls

The directors and management are responsible for the Group's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for year ended 2019.

The board and audit committee regularly review reports of the internal audit function of the Group related to the Group's control framework in order to satisfy the internal control requirements. The Group's internal Audit function reviews the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

Our Commitment to Diversity

We at Pace believe in diversity, wherever we operate and across every part of our business, we strive to create an inclusive culture in which difference is recognized and valued. By bringing together men and women from diverse backgrounds and giving each person the equal opportunity to contribute their skills, experience and perspectives, we believe that we are able to develop the best solutions to challenges and deliver sustainable value for our stakeholders.

Health and Safety Measures

We are committed to achieving our goal of zero harm. This is supported by our management system which provides the framework for incorporating hazard identification, risk assessment and risk management into all aspects of the operations. Safe operations that protect our people and assets are a priority and we work systematically to mitigate risks that are critical to operating safely.

We emphasize on improved leadership engagement around safety risk and to improve our health management processes, improve our understanding of fitness for work and wellness risks within our workforce.

Occupational health and safety is a top priority at the Group. We will strive to ensure safe working conditions, equipment and work sites. The Group promotes Employee involvement and accountability in identifying, preventing and eliminating hazardous conditions and the risks of Employee injury.

Health and safety in the working environment, product quality and operating efficiency are inseparable. The Group will ensure continuous improvement in health and safety performance through close cooperation among management, Employees and unions, which will contribute to the health and safety of employees and the success of the organization.

The Group is committed to:

- make employee health and safety a priority in all aspects of management practices;
- establish, communicate and enforce, with the Employees' involvement, work site-specific rules and safe work methods;
- promote and develop the awareness, leadership and accountability of employees in health and safety through their involvement in continuous improvement processes;
- measure its health and safety performance in accordance with established standards, and communicate the results to the Employees.

People and Human Resource Development

Our People strategy, together with our employee commitment, forms the framework that guides how we attract, develop, engage and retain talented people, while ensuring alignment with our business strategy. In line with our Employment policy, we seek safe and effective working relationships at all levels within the Group.

We employ on the basis of job requirements and adhere to the laws pertaining to non-discrimination on grounds of age, ethnic or social origin, gender, sexual orientation, politics, religion or disability.

Our employees' diversity of skills, ideas and experiences helps to ensure that we respond innovatively and sensitively to the challenges faced across the Group. The Group's human resource development is founded on a strong set of values. The policies seek to instill spirit of trust, transparency and dignity among all employees and thus have contributed to continuous growth.

We have a full-fledged HR department that is responsible for making this all happen. We offer our employees a rounded total rewards package, the principles of which are consistent across the all levels, designed to be competitive, in compliance with all applicable laws and regulations, and appropriately balanced.

Integrity and compliance

Maintaining a strong and ethical culture is fundamental to the way we work at Pace Pakistan Limited. We are committed to conducting our business with integrity, one of our core values, and believe our values and good ethical standards are key to executing our strategy.

We are committed, in principle and practice, to transparency consistent with good governance and commercial confidentiality. We issue information in a timely way on the Group's operational, financial and sustainable development performance through a number of channels.

Compliance with Laws, Rules & Regulations

Employees are required to comply fully with all laws, rules and regulations affecting the Group's business and its conduct in business matters. It is the Group's policy to abide by the national and local laws of nation and communities in which business of the Group is conducted. Beyond the strictly legal aspects involved, employees at all times are expected to act honestly and maintain the highest standards of ethics and business conduct, consistent with the professional image of the Group.

For and on behalf of Board of directors

October 4th, 2019

Director

Chief Executive Officer`

Pace (Pakistan) Limited
Consolidated Statement of Financial Position
As at 30 June 2019

EQUITY AND LIABILITIES	Note	2019 --- (Rupees in thousand) ---	2018
<u>Share capital and reserves</u>			
Authorised capital	8	6,000,000	6,000,000
Issued, subscribed and paid up capital	8	2,788,766	2,788,766
Reserves	8	287,307	287,307
Accumulated loss		(1,682,343)	(742,390)
Equity attributable to owners of the Parent Company		1,393,730	2,333,683
Non-controlling interests		87,030	87,224
		1,480,760	2,420,907
<u>Non-current liabilities</u>			
Long term finances - secured	9	49,810	54,132
Redeemable capital - secured (non-participatory)	10	-	-
Liabilities against assets subject to finance lease	11	-	-
Foreign currency convertible bonds - unsecured	12	-	-
Deferred liabilities	13	45,904	44,779
Deferred taxation	24	51,045	65,180
		146,759	164,091
<u>Current liabilities</u>			
Contract liability	14	255,564	169,747
Current maturity of long term liabilities	15	3,786,553	3,032,699
Creditors, accrued and other liabilities	16	714,530	554,460
Accrued finance cost	17	1,077,823	971,357
		5,834,470	4,728,263
Contingencies and commitments	18	7,461,989	7,313,261

ASSETS	Note	2019 --- (Rupees in thousand) ---	2018
<u>Non-current assets</u>			
Property, plant and equipment	19	468,464	452,159
Intangible assets	20	4,519	5,035
Investment property	21	1,668,741	1,662,942
Investment in equity-accounted investee	22	1,098,948	1,126,446
Long term advances and deposits	23	15,248	14,250
		3,255,920	3,260,832
<u>Current assets</u>			
Stock-in-trade	25	3,123,226	2,311,489
Trade debts	26	424,753	494,883
Advances, deposits, prepayments and other receivables	27	477,659	1,209,640
Income tax refundable	28	15,015	4,317
Cash and bank balances	29	165,416	32,100
		4,206,069	4,052,429
		7,461,989	7,313,261

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

14/07/2019

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited (“the Company” or “Pace”)

Directors’ Report (Year Ended June-2019) Consolidated Financial Statements

General Economic Overview

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Status of Financial Obligations

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At the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1,628 million and the reserves of the Group have been significantly depleted. The Group has not been able to meet various obligations towards its lenders, including repayment of principal and markup thereon in respect of its borrowings. As a consequence, the Group has also been unable to realize its existing receivables from customers and is facing difficulties in sale of its inventory, being encumbered against its borrowings. These conditions raise significant doubts on the Group's ability to continue as a going concern.

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Risk Management

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For and on behalf of Board of directors

October 4th, 2019

Director

Chief Executive Officer`

پیس (پاکستان) لمیٹڈ ("کمپنی" یا "پیس")

ڈائریکٹرز کی رپورٹ (جون 2019ء کو اختتام پذیر سال)

منجملہ مالیاتی اسٹیٹمنٹس

عمومی اقتصادی جائزہ

مالیاتی سال 2019ء ("FY19") میں معیشت بحالی کی جانب گامزن رہی، جس کی اوسط 5.8 فی صد تھی۔ کھپت میں اضافہ اور سازگار مالیاتی اور مانیٹری پالیسیوں کے نتیجے میں معاشی عدم توازن کو وسعت ملی۔ کرنٹ اکاؤنٹ خسارہ (CAD) مالیاتی سال 2018ء ("FY18") میں مجموعی قومی پیداوار کا 6.1 فی صد ہو گیا جو مالیاتی سال 2017ء کے مقابلہ میں 4.1 فی صد زائد ہے۔ بھاری کرنٹ اکاؤنٹ خسارہ تجارتی خسارہ میں اضافہ کی عکاسی کرتا ہے کیونکہ قومی طلب میں اضافہ کی وجہ سے برآمدات درآمدات کی بڑھتی ہوئی رفتار سے کہیں کم ہے۔ گذشتہ برس میں مالیاتی استحکام کے لئے کئے گئے اقدامات ضائع ہو گئے کیونکہ مالیاتی سال 2018ء میں مالی خسارہ (ماسوائے گرانٹس) 6.6 فی صد بڑھ گیا۔ مالی خسارہ کی بنیادی وجوہات میں آمدنی کی کم نمو کے ساتھ اخراجات میں بھاری اضافہ شامل ہیں۔

نئی حکومت نے ان بے قاعدگیوں کو درست کرنے کے لئے اقدامات اٹھائے لیکن نصف سال کے نتائج ظاہر کرتے ہیں کہ مزید اقدامات بہت ضروری ہیں۔ ریٹیل اسٹیٹ شعبہ کے بنیادی اشارے مالی سال 2019 جولائی تا جنوری کے دوران 2.3 فی صد طلب میں کمی کو ظاہر کرتے ہیں۔ جو مجموعی صنعتی پیداوار کا 65 فی صد ہیں۔ زراعت کے شعبہ میں سالہا سال کی بنیاد پر پانچ بڑی فصلوں میں سے چار فصلوں کی پیداوار میں کمی واقع ہوئی ہے۔ یہ کمی پانی کی کمی اور پیداواری شعبہ میں سست روی کی وجہ سے ہے۔ شرح مبادلہ میں جولائی 2018ء سے مارچ 2019ء تک 13.6 فی صد مجموعی کمی ریکارڈ کی گئی۔ شرح مبادلہ میں کمی، طلب پر دباؤ اور ایندھن کی زیادہ قیمتوں کی وجہ سے جولائی 2018ء تا مارچ 2019ء مہنگائی میں 6.8 فی صد (گذشتہ برس 3.8 فی صد) اضافہ ہوا۔ زیادہ مہنگائی کی وجہ سے اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح جولائی 2018ء میں 10.75 فی صد مقرر کی ہے۔

مالیاتی سال 2018ء جولائی تا فروری میں کرنٹ اکاؤنٹ خسارہ مجموعی قومی پیداوار کے 3.7 فی صد کے مقابلہ میں مالیاتی سال 2019 جولائی تا فروری میں 3.3 فی صد رہا۔ شرح مبادلہ میں کمی کے باوجود مجموعی درآمدات میں 1.6 فی صد اور برآمدات میں 0.1 فی صد کمی واقع ہوئی۔ اسی مدت میں ترسیلات زر میں اچھی خاصی نمو واقع ہوئی لیکن براہ راست غیر ملکی سرمایہ داری میں کمی ہوئی۔ جنوری کے وسط میں بین الاقوامی ذخائر 6.6 بلین ڈالر (یا درآمدات میں 1.3 فی صد) تک گر گئی۔ مارچ کے اختتام تک سعودی عرب، امارات اور چین سے قلیل مدتی قرضوں کی مد میں ذخائر میں 10.5 بلین ڈالر اضافہ ہوا (درآمدات کے دو ماہ)۔ دوسری جانب، حکومت بین الاقوامی مالیاتی فنڈ سے پیکیج کے لئے مذاکرات کر رہی ہے۔ قرضوں میں بھاری اضافہ اور دفاع پر اخراجات کے نتیجہ مالیاتی سال کی پہلی سہ ماہی میں مالیاتی خسارہ مجموعی قومی پیداوار کے 2.7 فی صد (مالیاتی سال 2018ء کی پہلی سہ ماہی میں 2.2

فی صد) تک پہنچ گیا۔ مالیاتی سال 2019ء مالی خسارہ مجموعی قومی پیداوار کا 7.0-6.8 فی صد کے درمیان رپورٹ ہوا جو بجٹ کے اہداف کے مقابلہ میں 2.0-2.7 فی صد کم ہے۔

شرح غربت مالیاتی سال 2019ء میں کم ہونے کے امکانات ہیں۔ بین الاقوامی خط غربت 1.90 ڈالر فی کو استعمال کرتے ہوئے مالیاتی سال 2019ء میں پاورٹی ہیڈ کاؤنٹ کا تخمینہ 3.1 فی صد لگایا جاتا ہے۔ جو سال 2015ء کے مقابلہ میں 4.0 فی صد کم ہے (تازہ ترین سرکاری اعداد و شمار)۔ 3.2 ڈالر خط غرب پر غربت کا تخمینہ 3.4 فی صد پوائنٹس کم ہو کر 31.3 فی صد گر گیا۔ اور 5.5 ڈالر خط غربت کو استعمال کرتے ہوئے 72.6 فی صد رہا (سال 2015ء سے 2.8 فی صد کم پوائنٹس)۔

حکومتی ٹھوس مالیاتی اور مانیٹری پالیسیوں کے پیش نظر مالیاتی سال 2019ء اور 2020ء میں نمو کی رفتار کم رہے گی۔ جونہی معاشی حالات بہتر ہوں گے اور مالیاتی انتظام اور مقابلہ سازی میں اصلاحاتی ڈھانچے کے پیکیج پر عمل ہوگا تو مالیاتی سال 2021ء سے نمو میں بہتری کے امکانات پیدا ہو جائیں گے۔ معاشی بحالی کے ساتھ نمو میں بہتری کے لئے اصلاحاتی ڈھانچے پر عمل کرنا ہوگا۔ یہ اصلاحات ملک کو مستحکم نمو کے راستے پر چلائیں گی جس میں شرح مبادلہ میں لچک، بہتر مقابلہ سازی اور کاروبار کرنے کی کم لاگت شامل ہے۔ آمدنی کے تناظر میں، ٹیکس انتظام میں بہتری کی اصلاحات، ٹیکس بیس میں توسیع اور ٹیکس اصلاحات پر عمل درآمد کے لئے سہولت فراہم کرنا بہت اہم ہیں۔

ریئل اسٹیٹ جائزہ

پاکستان کا ریئل اسٹیٹ شعبہ سے مجموعی قومی پیداوار میں تقریباً دو فی صد حصہ ہے۔ یہ شعبہ وسیع معیشت میں اہم کردار ادا کرتا ہے اور مجموعی قومی نمو میں تحریک پیدا کرتا ہے۔

پاکستان کی پراپرٹی مارکیٹ میں گزشتہ دہائی کے دوران بلندی کا رجحان رہا۔ 200 ملین سے زائد آبادی کی وجہ سے اقتصادی سرگرمی تین بڑے شہروں کراچی، لاہور اور اسلام آباد تک محدود ہے۔ اور اگر ملک میں بڑے معاشی اشاروں میں بہتری مطلوب ہو تو اسے اپنی معاشی سرگرمیوں میں تجدید کرنا ہوگی۔ حال ہی میں، 0.7 ملین فی برس کی شرح سے نئے گھروں کی طلب کی وجہ سے ملک میں تقریباً نو ملین گھروں کی کمی ہے۔ اس کی بنیادی وجہ رہن کے شعبہ پر عدم توجہی ہے جو مجموعی قومی پیداوار کا 0.5 فی صد ہے۔ گھروں پر قرضہ کی مارکیٹ کو قابل رسائی بنا کر لوگ اپنے ذاتی گھر کے لئے سرمایہ حاصل کر سکتے ہیں۔ 2025ء تک، رہائشی گھروں کی طلب میں 20 ملین تک کمی واقع ہونے کا امکان ہے۔ اس مسئلہ کے حل کے لئے پاکستان میں ہر سال ایک ملین گھر تعمیر کرنے کی ضرورت ہے لیکن موجودہ شرح 150,000 گھر سالانہ ہے۔ کم آمدنی والے خاندانوں کے لئے رہن کا کوئی انتظام نہیں ہے لہذا مستقبل میں گھروں کی مجموعی کمی میں اضافہ کا امکان ہے۔ ورلڈ بینک کی ایک رپورٹ کے مطابق پاکستان میں گھروں کے لئے قرضہ حاصل کرنے کی شرح ترقی یافتہ ممالک میں 50 فی صد کے مقابلہ میں صرف ایک فی صد ہے۔

پیس گروپ کی کارکردگی اور مالیاتی جائزہ

30 جون 2018ء کے مقابلہ میں 30 جون 2019ء کو اختتام پذیر سال کے لئے پیس گروپ ("گروپ") کی مالیاتی کارکردگی کے پڑتال شدہ نتائج کا خلاصہ حسب ذیل ہے۔

30 جون کو اختتام پذیر سال

('000' روپوں میں)

2018ء	2019ء	
639,964	440,345	خالص فروخت
(648,102)	(346,475)	فروخت پر لاگت
(8,138)	93,870	مجموعی نفع/(نقصان)
(170,923)	(162,076)	انتظامی اور سیلنگ اخراجات
(47,331)	(8,661)	تجارت پر ایمپیئر منٹ خسارہ اور دیگر وصولیاں
163,565	10,978	دیگر آمدنی
(1,026)	-	دیگر آپریٹنگ اخراجات
(114,051)	(138,311)	قرضوں پر لاگت
(277,886)	(724,904)	فارن کرنسی کنورٹیبیل بانڈز کی تبدیلی پر نقصان
(69,830)	5,799	فیئر ویلیو منافع/(نقصان)
12,820	(27,498)	ایکویٹی سرمایہ داروں سے نفع کا حصہ۔ ٹیکس نیٹ
(512,800)	(950,803)	(نقصان) بمعہ ٹیکس
(521,751)	(943,101)	(نقصان) علاوہ ٹیکس
(1.87)	(3.38)	(نقصان) فی حصص

30 جون 2019ء کو اختتام پذیر سال (مالی سال 2019ء) کے دوران گروپ کی موافق فروخت میں 31 فی صد تک اضافہ ہوا۔ گروپ نے گزشتہ سال میں 639.964 ملین روپے فروخت کے مقابلہ میں رواں برس 440.345 ملین روپے فروخت ریکارڈ کی۔ جو گزشتہ برس کے مقابلہ میں 199.619 ملین روپے کم ہے۔ گجرات، ماڈل ٹاؤن ایکسٹینشن اور ایم ایم عالم پلازہ میں دکانوں کی فروخت کی وجہ سے گزشتہ برس 130.439 روپے نمایاں کمی واقع ہوئی۔ رواں مدت کے دوران فروخت کی ایسی کوئی سرگرمی رپورٹ نہیں ہوئی۔ مزید 19.997 اور 47.173 ملین روپے کمی بالترتیب سروس چارجز اور ترقیاتی اخراجات سے منسوب ہے۔ گروپ کے انتظامی اور فروخت پر اخراجات میں بحساب 5 فی صد 170.923 ملین روپے سے 162.076 ملین روپے کمی واقع

ہوئی۔

دیگر فعال اخراجات میں 1.026 ملین روپے سے صفر یعنی 100 فی صد کمی واقع ہوئی۔ گزشتہ برس سرمایہ داری کی فروخت پر حاصل منافع کی وجہ حاصل آمدنی 163.565 ملین روپے تھی جو موجودہ سال کے دوران 10.978 ملین روپے رہی۔ گزشتہ سال کے مقابلہ میں قرضوں پر لاگت میں 21 فی صد نمایاں اضافہ ہوا۔ جو عموماً KIBOR شرحوں میں 7.03 فی صد سے 13.13 فی صد اضافہ کی وجہ سے تھا۔

ڈالر کے مقابلہ میں روپے کی قدر میں کمی کی وجہ سے فارن کرنسی کنورٹیبیل بانڈز کے تبادلہ میں گزشتہ برس میں 277.886 ملین روپے سے 724.9 ملین روپے اضافہ ہوا (گزشتہ برس ڈالر کے مقابلہ میں روپے کی قیمت 121.6 روپے اور رواں برس 164 روپے رہی)۔

مذکورہ بالا عوامل کے اثرات کا جائزہ لینے کے بعد مالیاتی سال 2019ء میں گروپ کا خالص (خسارہ) علاوہ ٹیکس 943.101 ملین روپے رہا جو گزشتہ برس 521.751 ملین روپے رہا۔ جس کے نتیجے میں جون 2019ء کو اختتام پذیر مالیاتی سال میں فی حصص خسارہ (3.38) روپے رہا (مالیاتی سال 2018: فی حصص آمدنی: 1.87 روپے فی حصص)

مالیاتی فرائض کا درجہ

طویل مدتی قرضوں کی حالیہ پختگی گزشتہ برس میں 3.032 ملین روپے کے مقابلہ میں 30 جون 2019ء کو 3.786 ملین روپے رہی۔ گروپ کے FCCB واجبات پر ایکسچج خسارہ کی مد میں 37 فی صد اضافہ کی وجہ سے یہ اضافہ سامنے آیا۔ مزید برآں، گروپ کے قرضوں کی مد میں مالیاتی اداروں اور قرض خواہان کو واجب الادا بقایا جات گروپ کے پاس محدود سرمایہ ہونے پر قرضوں اور ان پر سود کی عدم ادائیگی کی وجہ سے تاخیر کا شکار ہیں۔ تاہم، ہم مستقبل قریب میں ادائیگیوں کی مد میں اپنے قرض خواہان سے کئے گئے وعدوں کو پورا کرنے کے لئے پرعزم ہیں کیونکہ پیس ٹاور کی تعمیر اور فروخت کے سلسلہ کا آغاز ہو چکا ہے۔

کاروبار جاری رکھنے سے متعلق گروپ کی صلاحیت

رپورٹنگ تاریخ تک، گروپ کے موجودہ واجبات حالیہ اثاثہ جات سے ملین 675.8 روپے تک بڑھ چکے ہیں اور گروپ کے ذخائر میں نمایاں کمی واقع ہوئی ہے۔ گروپ اپنے قرض خواہان کے ساتھ قرضوں کی مد میں سرمایہ اور سود کی ادائیگی جیسے کئی وعدے پورے کرنے کے قابل نہ ہے۔ نتیجتاً، گروپ اپنے صارفین سے موجودہ وصولیاں کرنے میں بھی ناکام ہوئی ہے اور قرضوں کے لئے رہن رکھی گئی اپنی انوینٹری کی فروخت میں بھی مشکلات کا شکار ہے۔ ان حالات میں گروپ کی کاروبار جاری رکھنے کی صلاحیت میں ابہام پیدا ہو چکا ہے۔

گروپ کی آمدنی اور مالی حالت کو بہتر کرنے کے لئے انتظامیہ گروپ کے دیگر قرض خواہان کے ساتھ معاہدے طے کرنے کے لئے کوشاں ہے۔ گروپ کی انتظامیہ پر امید ہے کہ مذکورہ بالا اقدامات گروپ کو اپنے بقایا جات کی وصولی اور مکمل منصوبوں سے انوینٹری کی فروخت میں مدد فراہم کریں گے اور اپنے پیس ٹاور پر وجیکٹ کی تکمیل اور فروخت کے لئے حاصل آمدنی کو استعمال کرنے میں مدد ملے

گی۔

خطرات پر قابو پانا

بورڈ تسلیم کرتا ہے کہ خدشات/خطرات کاروبار کا اہم ترین حصہ ہیں اور یہ کہ انہیں خوف اور مواقع میں تقسیم کیا جاسکتا ہے۔ گروپ نے فیصلہ سازی کے تمام افعال میں خطرات سے آگاہی کا کاروباری کلچر قائم کیا ہے اور قابل رسک مینجمنٹ کے ذریعے مؤثر انداز میں خطرات پر قابو پانے کے لئے پرعزم ہے۔ اس عزم کی تکمیل کے لئے، خطرات کا جائزہ لیا جاتا ہے تاکہ ادارے میں ہر سطح پر انتظامیہ مؤثر اقدامات کر سکے۔ رسک مینجمنٹ سسٹم میں موجود حدود کی وجہ سے نقصان سے بچنے کے لئے کاروبار سے متعلقہ خطرات کی نشاندہی، تعین اور انتظام کو عمل میں لایا جاتا ہے۔ یہ نظام خطرات کو مکمل طور پر ختم کرنے کی بجائے انہیں روکنے تک محدود ہے اور موزوں اور کلی یقینی دہانی نہیں کراتا۔ کئی خدشات جیسا کہ قدرتی آفات، کوانٹریل کنٹرول استعمال کرتے ہوئے قابو نہیں کیا جاسکتا۔ ایسے بڑے خدشات مقامی انشورنس مارکیٹ میں فریق ثالث کو منتقل کردیئے جاتے ہیں۔

اندرونی نظم و ضبط

ڈائریکٹرز اور انتظامیہ گروپ کے اندرونی نظم و ضبط اور اس کی مؤثر نگرانی کے ذمہ دار ہیں تاکہ شیئر ہولڈرز کو خدشات کے موزوں تعین اور انتظام سے متعلقہ ان کی سرمایہ داری پر خاطر خواہ منافع دیا جاسکے۔ اس میں مالیاتی و آپریشنل نگرانی اور تعمیلی کنٹرول اور خدشات کو قابو کرنے کے طریقہ ہائے کار اور ان کی تاثیر شامل ہیں۔ ڈائریکٹرز نے سال 2018ء کے لئے ان کے سالانہ جائزہ اور تعین کو مکمل کر لیا ہے۔

بورڈ اور آڈٹ کمیٹی گروپ کے کنٹرول فریم ورک سے متعلقہ گروپ کے انٹرل آڈٹ فنکشن کی جائزہ رپورٹ پر باقاعدگی سے نظر ثانی کرتی ہے تاکہ اندرونی نظم و ضبط کے معیار کو پورا کیا جاسکے۔ گروپ کا انٹرل آڈٹ فنکشن نظم و ضبط کی سرگرمیوں کی سلیبت اور تاثیر پر نظر ثانی کرتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹ پیش کرتا ہے۔

جدت کے لئے ہمارا عزم

پیس (پاکستان) لمیٹڈ میں جہاں بھی ہم کام کریں اور اپنے کاروباری امور میں ہم جدت پر یقین رکھتے ہیں۔ ہم ایسا واضح کلچر قائم کرنے میں کوشاں ہیں جس میں ہم اختلافات کو تسلیم کرتے ہیں اور ان کی قدر کرتے ہیں۔ مختلف حلقوں سے تعلق رکھنے والے خواتین و حضرات کی تقرری اور ہر فرد کو اپنی مہارتیں اور تجربہ کو استعمال کرنے کے لئے مساوی مواقع فراہم کئے جاتے ہیں۔ ہم یقین رکھتے ہیں کہ ہم مسائل کے بہترین حل فراہم کرنے کے قابل ہیں اور اپنے سٹیک ہولڈرز کے لئے سازگار نتائج فراہم کرتے ہیں۔

حفظان صحت سے متعلق اقدامات

ہم صفر ضرر کے اپنے ہدف کے لئے پرعزم ہیں۔ ہمارا انتظامی سسٹم خطرات کی شناخت، ان کے تعین اور اپنے آپریشنز کے تمام عوامل میں خطرات سے بچاؤ کے لئے ایک فریم ورک فراہم کرتا ہے۔ اپنے ملازمین اور اثاثہ جات کے تحفظ کے لئے محفوظ آپریشنز ہماری

اولین ترجیح ہے اور ہم محفوظ آپریشن سے متعلقہ خطرات سے بچنے کے لئے مربوط نظام کے تحت کام کرتے ہیں۔ ہم حفاظت سے متعلقہ خدشات اور صحت کے انتظامی عمل کو بہتر کرنے، کام کے لئے صحت کی اہمیت کو سمجھنے میں قیادت کی بہتر شمولیت پر زور دیتے ہیں۔

پیشہ ورانہ حفظان صحت گروپ کی اولین ترجیح ہے۔ ہم کام کے محفوظ حالات، سامان اور مقامات کے لئے کوشاں ہیں۔ گروپ ملازمین کے جذبہ کی قدر کرتا ہے اور ملازمین کو ضرر کے خدشات اور خطرناک حالات کے بچاؤ، خاتمہ اور نشاندہی پر زور دیتا ہے۔ کام کے ماحول میں حفظان صحت، مصنوعات کا معیار اور فعالی کارکردگی لازم و ملزوم ہیں۔ گروپ انتظامیہ اور ملازمین، انجمنوں کے باہمی تعاون کے ذریعے حفظان صحت کی کارکردگی میں مسلسل بہتری کے لئے کوشاں ہے۔ جو ملازمین کی صحت اور تحفظ میں بہتری لائے گی اور ادارے کی کامیابی میں اہم کردار ادا کرے گی۔

گروپ پر عزم ہے کہ:

- انتظامی امور کے تمام شعبوں میں ملازمین کی صحت اور تحفظ کو اولین ترجیح بنانا۔
- ملازمین کے تعاون، کام کے مقام سے متعلقہ خصوصی قواعد اور کام کا محفوظ طریقہ کار کو قائم کرنا اور اس کے متعلق آگاہ کرنا اور نافذ کرنا۔
- مسلسل ترقی کے عمل میں ملازمین کے تعاون سے صحت اور تحفظ کی مد میں آگاہی، قیادت اور جواب دہی کو بڑھانا۔
- نافذ معیارات کے تحت صحت اور تحفظ کی کارکردگی کا تعین کرنا اور نتائج سے متعلق ملازمین کو آگاہ کرنا۔

انسانی وسائل اور افراد کی ترقی

ہمارے عملہ کی حکمت عملی اور ملازمین کا عزم ایسا فریم ورک تیار کرتا ہے جو ہمیں قابل لوگوں کو حاصل کرنے اور ان کو بحال رکھنے کے لئے رہنمائی فراہم کرتا ہے جو ہماری کاروباری حکمت عملی کے عین مطابق ہے۔ ہماری ملازمت سے متعلق پالیسی کے تحت ہم اپنے گروپ کے درمیان تمام سطحوں پر کام کے مؤثر اور محفوظ تعلقات کے خواہاں ہیں۔

کام کے معیارات اور عمر، نسل یا سماجی حلقہ، صنف، جنسی تفریق، سیاست، مذہب یا معذوری کی بنیاد پر غیر امتیازی سلوک سے متعلق قوانین کے تحت ہم ملازمت فراہم کرتے ہیں۔

ہمارے ملازمین کی مہارت، تصورات اور تجربات کا تنوع کمپنی کو درپیش چیلنجز کا مقابلہ کرنے میں مدد دیتے ہیں۔ گروپ کی انسانی وسائل کی ترقی مضبوط اقدار پر مبنی ہے۔ یہ پالیسیاں ملازمین کے مابین بھروسہ، شفافیت اور احترام کی روح پیدا کرتی ہیں۔ لہذا یہ مسلسل نمویں اہم کردار ادا کرتی ہیں۔

ہمارا مربوط ایچ آر ڈی پی آر منٹ ہے جو ان تمام امور پر عمل درآمد کا ذمہ دار ہے۔ ہم اپنے ملازمین کو ٹول ریورڈ پیکیج پیش کرتے ہیں جس کے اصول تمام سطحوں پر یکساں ہیں اور تمام لاگو قوانین و ضوابط کی تعمیل میں مرتب کئے جاتے ہیں۔

سہلیت اور تعیل

مضبوط اور بااخلاق کلچر برقرار رکھنا ہیں (پاکستان) لمیٹڈ میں کام کرنے کی اکائی ہے۔ ہم اپنے کاروباری امور سہلیت سے بروئے کار لانے کے لئے پرعزم ہیں۔ جو ہماری بنیادی اقدار میں سے ایک ہے۔ اور یقین رکھتا ہے کہ ہماری اقدار اور اچھا اخلاقی معیار اپنی حکمت عملی کے نفاذ کی بنیاد ہیں۔

ہم پرعزم ہیں کہ شفافیت کے لئے ہمارا معیار اچھی گورننس اور تجارتی رازداری پر مشتمل ہے۔ ہم گروپ کے آپریشنل، مالیاتی اور ترقیاتی کارکردگی کو کئی ذرائع کو استعمال کرتے ہوئے بروقت معلومات جاری کرتے ہیں۔

قوانین و ضوابط کی تعیل

تمام ملازمین سے لاگو قوانین اور ضوابط کی تعیل کی کلی توقع کی جاتی ہے۔ گروپ کی پالیسی ہے کہ جن کمیونٹیز میں گروپ کاروباری امور سر انجام دیتا ہے اُس جگہ کے مقامی اور بین الاقوامی قوانین کی پاسداری کی جائے۔ شامل قانونی پہلوؤں کے علاوہ ملازمین سے ہمہ وقت ایمانداری کی توقع کی جاتی ہے اور اخلاقیات اور کاروباری امور کے اعلیٰ معیار اور گروپ کی پیشہ ورانہ حیثیت کو برقرار رکھا جاتا ہے۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

ڈائریکٹر

104 اکتوبر، 2019ء

Pace (Pakistan) Limited
Consolidated Statement of Profit or Loss
For the year ended 30 June 2019

	Note	2019 --- (Rupees in thousand) ---	2018
Revenue	30	440,345	639,964
Cost of revenue	31	(346,475)	(648,102)
Gross profit / (loss)		93,870	(8,138)
Administrative and selling expenses	32	(162,076)	(170,923)
Impairment loss on trade and other receivables including bank balances		(8,661)	(47,331)
Other income	33	10,978	163,565
Other operating expenses	34	-	(1,026)
Loss from operations		(65,889)	(63,853)
Finance cost	35	(138,311)	(114,051)
Exchange loss on foreign currency convertible bonds	12.2	(724,904)	(277,886)
Gain / (loss) from change in fair value of investment property		5,799	(69,830)
Share of (loss) / profit from equity-accounted investee - net of tax		(27,498)	12,820
Loss before taxation		(950,803)	(512,800)
Taxation	36	7,702	(8,951)
Loss for the year		(943,101)	(521,751)
Attributable to:			
Owners of the Parent Company		(942,907)	(521,664)
Non-controlling interests		(194)	(87)
		(943,101)	(521,751)
Loss per share - basic and diluted	37	(3.38)	(1.87)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Wameem

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	2019	2018
	--- (Rupees in thousand) ---	
Loss for the year	(943,101)	(521,751)
<u>Other comprehensive loss for the year</u>		
<i>Items that will not be reclassified to statement of profit or loss:</i>		
Remeasurement of net defined benefit liability	2,954	4,985
Total comprehensive loss for the year	<u>(940,147)</u>	<u>(516,766)</u>
Attributable to:		
Owners of the Parent Company	(939,953)	(516,679)
Non-controlling interests	(194)	(87)
	<u>(940,147)</u>	<u>(516,766)</u>

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

WPMGSM

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Consolidated Statement of Changes In Equity
For the year ended 30 June 2019

		Capital reserve		Revenue reserve		Total equity attributable to owners of the Parent Company	Non-controlling Interests	Total equity
Issued, subscribed and paid-up capital	Share premium	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss				
(Rupees in thousand)								
As at 01 July 2017	2,788,766	273,265	(1,023)	13,988	(225,711)	2,849,285	87,311	2,936,596
<u>Total comprehensive loss for the year ended 30 June 2018</u>								
Loss after taxation	-	-	-	-	(521,664)	(521,664)	(87)	(521,751)
Other comprehensive income	-	-	-	54	4,985	5,039		5,039
	-	-	-	54	(516,679)	(516,625)	(87)	(516,712)
Transferred to statement of profit or loss on disposal	-	-	1,023	-	-	1,023	-	1,023
Balance as at 30 June 2018	2,788,766	273,265	-	14,042	(742,390)	2,333,683	87,224	2,420,907
<u>Total comprehensive loss for the year ended 30 June 2019</u>								
Loss after taxation	-	-	-	-	(942,907)	(942,907)	(194)	(943,101)
Other comprehensive income	-	-	-	-	2,954	2,954	-	2,954
	-	-	-	-	(939,953)	(939,953)	(194)	(940,147)
Balance as at 30 June 2019	2,788,766	273,265	-	14,042	(1,682,343)	1,393,730	87,030	1,480,760

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Signature

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 --- (Rupees in thousand) ---	2018
<u>Cash flows from operating activities</u>			
Cash generated from / (used in) operations	38	198,839	(1,234,178)
Gratuity and leave encashment paid		(455)	-
Taxes paid		(17,131)	(11,897)
Net cash generated from / (used in) operating activities		181,253	(1,246,075)
<u>Cash flow from investing activities</u>			
Purchase of property, plant and equipment		(42,359)	(22,800)
Proceeds from sale of investment property		-	1,301,442
Proceeds from sale of investment		-	989
Long term deposits given during the year		(998)	-
Income on bank deposits received		720	45
Net cash (used in) / generated from investing activities		(42,637)	1,279,676
<u>Cash flow from financing activities</u>			
Long term loan paid during the year		(5,300)	(3,079)
Net cash used in financing activities		(5,300)	(3,079)
Net increase in cash and cash equivalents		133,316	30,522
Cash and cash equivalents - at beginning of the year		32,100	1,578
Cash and cash equivalents - at end of the year		165,416	32,100

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

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Lahore

Chief Executive Officer

Director

Chief Financial Officer

Pace (Pakistan) Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

1 The Group and its operations

		2019	2018
		(Direct holding percentage)	
The Group comprises of :	Note		
Parent company			
Pace (Pakistan) Limited	1.1		
Subsidiary companies			
Pace Gujrat (Private)Limited	1.2	100.00%	100.00%
Pace SuperMall (Private) Limited	1.3	56.79%	56.79%
Pace Woodland (Private) Limited	1.4	52.00%	52.00%
Associate Company			
Pace Barka Properties (Private) Limited		24.86%	24.86%

- 1.1** Pace (Pakistan) Limited ('the Parent Company') is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company is engaged to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies, plot and other properties and to carry out commercial, industrial and other related activities in and out of Pakistan. The registered office of the Company is situated at 2nd floor Pace Mall, Fortress Stadium, Lahore. Furthermore, the Company is managing the following plazas:

Sr. No	Business Units	Geographical Location
1	Gulberg Plaza	124/E-1 Main Boulevard Gulberg-III, Lahore
2	Model Town Plaza	38, 38/A, 39 & 40, Block P, Model Town Link Road, Lahore
3	Fortress Plaza	Bridge Point Plaza, Fortress Stadium, Lahore Cantt.
4	MM Alam Road Plaza	96-B-I, M.M Alam Road, Gulberg -III, Lahore
5	Gujranwala Plaza	Mouza Dhola Zarri, Main GT Road Gujranwala
6	Gujrat Plaza	Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat
7	Pace Towers	27 -H College Road Gulberg II Lahore

1.2 Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary) was incorporated on July 8, 2005 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at Pace Plaza Fortress Stadium Lahore. The principal activity of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

10/07/2019

1.3 Pace Supermall (Private) Limited

Pace Supermall (Private) Limited (a subsidiary) was incorporated on March 27, 2003 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at 124 E-1, Gulberg III, Lahore. The principal activity of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, shopping malls, super markets, utility stores, plazas, shopping arcades etc.

1.4 Pace Woodlands (Private) Limited

Pace Woodlands (Private) Limited (a subsidiary) was incorporated in Pakistan on July 27, 2004 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Company is situated at 124 E-1, Gulberg III, Lahore. The principal activity of the Company is to acquire by purchase or otherwise land and plots and to sell or construct, lease, hire and manage buildings, supper markets, utility stores, plazas, shopping arcades etc.

2 Going Concern Assumption

The Group has incurred a loss before tax of Rs. 950.803 million (2018: Rs. 512.800 million) during the year mainly due to exchange loss of Rs. 724.904 million on the foreign currency convertible bonds issued by the Parent Company and as at the reporting date, its current liabilities have exceeded its current assets by Rs. 1,628.401 million, and accumulated losses of Group stood at Rs. 1,682.343 million. Furthermore, the Group has not been able to meet various obligations towards its lenders, including repayment of principal and mark-up thereon in respect of its borrowings. These conditions raise significant doubts on the Group ability to continue as a going concern.

During the year, the Group has primarily financed its new assets and operations through sale of inventory in PACE Tower for a consideration of Rs. 441 million and cash receipt of Rs. 445 million from sale of an investment property made in the year ended 30 June 2018.

The management of the Group however, is continuously engaged with its lenders for settlements of Group borrowing. The Group is also expecting to complete the Pace Tower Project by the end of next year and is actively engaged to find buyers for the sale of remaining floors/apartments in Pace Tower. Further, the Group has inventory in form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory. The proceeds from these sales will help to improve the operating cash flows of the Group and also to settle its obligations. The Group is also engaged with its trade debtors for recovery of their outstanding balances.

The management believes that the above measures will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realisation of assets and liquidation/settlement of any liabilities that might be necessary should the Group be unable to continue as a going concern.

3 Basis of preparation

3.1 Consolidated financial statements

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary companies as at 30 June 2019.

Subsidiary Companies

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Parent Company have been eliminated against the shareholders' equity in the subsidiary companies.

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The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intracompany balances, transactions, income and expenses and profits and losses resulting from intracompany transactions that are recognized in assets, are eliminated in full.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill.

Non-Controlling Interests

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Parent Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Associates

Associates are all entities over which the Group has significant influence but not control. The Group's share of its associate's post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

3.2 Statement of compliance

These consolidated 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 Standards (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.

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.

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- Investment property which is measured at fair value and
- Retirement benefits at present value.

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3.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees ("Rs.") which is the Group's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise stated.

4 Changes in significant accounting policies

The Group has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

4.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The Group is primarily engaged in construction and development of properties and contracts with customers for their sale which generally include single performance obligation. Under IFRS 15, an entity is required to recognise revenue over time if any of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

The above is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 11 and IAS 8. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Group except for where stated below:

4.1.1 Gross versus net presentation

When revenue is recognised in respect of services provided by third parties it must be considered whether the Group acts as a principle or an agent. Whether the Group is considered to be the principle or an agent in the transaction depends on management analysis of both legal form and of the substance of the underlying agreement between the Group and its suppliers. Such judgments impacts the amount of reported revenue and operating expenses and does not have any impact on the reported assets, liabilities or cash flows. On adoption of IFRS 15, the management has concluded that revenue from service income against insurance, security and other utilities shall be presented on net basis.

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4.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Group's approach was to include the impairment of trade receivables in administrative and selling expenses. Consequently, the Group reclassified impairment losses amounting to Rs. 47.331 million, recognised under IAS 39, from 'administrative and selling expenses' to 'impairment loss on trade and other receivables including bank balances' in the statement of profit or loss for the year ended 30 June 2018.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

4.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 July 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<u>Financial assets</u>				
Trade debts	Loans and receivables	Amortised cost	494,581	494,581
Advances, deposits, prepayments and other receivables	Loans and receivables	Amortised cost	597,508	597,508
Cash and bank balances	Loans and receivables	Amortised cost	32,100	32,100
			<u>1,124,189</u>	<u>1,124,189</u>

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the amount of collateral held against receivables, the move from an incurred loss model to an expected loss model has not had a significant impact on the financial position and / or financial performance of the Group.

5 New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 5, are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not stated in these financial statements.

5.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment to be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Group's financial statements.

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- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Group's financial statements.
- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Group's financial statements.

6 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with 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 circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The areas where assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

6.1 Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group creates an asset that the customer controls as the asset is created. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

6.2 Staff retirement benefits

The Group operates an unfunded gratuity plan covering all of its eligible employees who have completed the minimum qualifying period of service as defined under the respective scheme. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by an independent actuary on annual basis.

Amended

6.3 Provision for taxation

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

6.4 Property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

6.5 Intangibles

The Group reviews the rate of amortisation and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortisation charge and impairment.

6.6 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

6.7 Investment property valuation

The Group uses the valuation performed by independent valuers as the fair value of its investment properties. Management of the Group regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of investment property. Any change in those inputs and valuation adjustments might effect valuation of fair value and accordingly charge to the statement of profit or loss.

6.8 Costs to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and the cost of meeting the contractual obligation to the customers. The Group engages an expert to assist in determining the cost of completion.

6.9 Measurement of ECL allowance for trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of expected credit loss model and significant assumptions about future economic conditions and credit behavior. The Group's historical credit loss experience, forecast of economic conditions and realisation of collaterals held may not be representative of customer's actual default in the future.

6.10 Commitments and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

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6.11 Recoverable amounts of assets / cash generating units and impairment

The management of the Group reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

7 Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They do not form part of the consolidated financial statements from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity and;
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the statement of profit and loss account as a bargain purchase.

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Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financing company under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in consolidated other comprehensive income are reclassified to statement of profit or loss.

Goodwill is initially measured as excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated consolidated statement of profit or loss account and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide an evidence of impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. On an acquisition-by-acquisition basis the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interests' proportionate share of acquiree's net assets. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the statement of profit or loss, and the Group's share of movements in other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit / (loss) of associates in the statement of profit or loss.

7.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

7.3 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any identified impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction. Cost of freehold land and capital work-in-progress are stated at cost less any identified impairment loss in relation to certain machinery signifies historical cost and borrowing costs.

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Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Property, plant and equipment acquired under finance lease are capitalised at the commencement of the lease term at lower of the present value of the minimum lease payments under the lease arrangements and the fair value of the leased property.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Depreciation on owned assets is charged to the statement of profit or loss on the reducing balance method except for building on leasehold land which is being depreciated using straight line method, so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 19.1.

Assets acquired under a finance lease are depreciated over the lower of useful life and lease term of the asset on reducing balance method except for plant and machinery which is being depreciated using the straight line method.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimate of the useful lives and residual values of its property, plant and equipment as at 30 June 2019 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged in the month of disposal.

The Group assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.4 Intangible assets

Computer Software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortisation (for finite useful life of intangible asset) and any identified impairment loss. Amortisation is charged to statement of profit or loss on reducing balance method at the annual rate of 10% except optical fiber, as to write off the cost over its estimated useful life.

Optical Fiber

Expenditure incurred to right to use optical fiber (dark fiber) are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Amortisation is charged to statement of profit or loss on straight line basis method at the annual rate of 5%, as to write off the cost over its estimated useful life.

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The Group assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.5 Investment property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose. Investment property comprises freehold land and buildings on freehold land. Investment property is carried at fair value. Changes in fair value are recognized in statement of profit or loss.

The investment property of the Group has been valued by independent professionally qualified valuers as at 30 June 2019. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 21. Transfers between the levels of fair value are made when there are changes in availability and subjectivity of observable inputs.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in statement of profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the statement or profit or loss.

If an investment property becomes owner-occupied or stock-in-trade, it is reclassified as property, plant and equipment or stock-in-trade and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

7.6 Stock-in-trade

Land, condominiums, shops/counters and villas available for future sale are classified as stock-in-trade. These are carried at the lower of cost and net realisable value. Work-in-process comprises of condominiums, shops/counters and villas in the process of construction/development. Cost in relation to work-in-process comprises of proportionate cost of land, cost of direct materials, labour and appropriate overheads. Cost in relation to shops transferred from investment property is the fair value of the shops on the date of transfer and any subsequent expenditures incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

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7.7 Trade debts

Trade debts and other receivables are classified at amortized cost and are measured at invoice value less impairment allowance, if any. Trade debts where the ownership of the work in progress is transferred by the Group to the buyer as the construction progresses is recognised using the percentage of completion method. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years and loss given default. The impairment allowance is recognised in the statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

7.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

7.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, call deposits receipts, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and short term finance.

7.10 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at the proceeds received representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

7.11 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

7.12 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

7.12.1 Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to statement of profit or loss.

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The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the statement of profit or loss over the lease term.

When a sale and leaseback transaction results in a finance lease, any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment when the sale occurs.

7.12.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

7.13 Employee benefits

The Group operates an unfunded gratuity plan covering all of its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

7.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

7.15 Revenue recognition

7.15.1 Revenue from contracts with customers

The Group recognises revenue when it transfers control over a good or service to a customer based on a five step model as set out in IFRS 15.

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- Step 1: **Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: **Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: **Determine the transaction price:** The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: **Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled to in exchange for satisfying each performance obligation.
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for service income earned on security, janitorial maintenance, administration and other utilities.

Development services

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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The Group has elected to apply the input method. The Group considers that the use of input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference to revenue actually earned.

Sale of property

Revenue from sale of land, condominiums, shops/counters and villas is recognised at point in time when the control has been transferred to the customer. The control is usually transferred when possession is handed over to the customer.

Display of advertisements

Advertisement income is received by the Group against available space in Group's property provided to the customer for advertisement purpose. Income from display of advertisements is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs.

Service charges

Service charges are recognised in the accounting period in which services are rendered. Service income in respect of security, janitorial maintenance, administration and other utilities is presented on net basis.

7.15.2 Other revenue

Rental income from lease of investment property

Rental income arising from operating leases on investment properties is charged based on area lease out and recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

7.16 Financial instruments

7.16.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

7.16.2 Classification and subsequent measurement

Financial assets- Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Amortised

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets at amortised cost.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

7.16.3 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

7.16.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

7.16.5 Impairment

The Group recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7.17 Impairment of non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

7.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the Chief Executive Officer and the Chief Financial Officer.

7.19 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Group's financial statements in the year in which it is declared by the Group's shareholders.

7.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

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8	Share capital and reserves	2019	2018	2019	2018
		--- (Rupees in thousand) ---	---	----- Number of shares -----	---
8.1	Authorised share capital				
	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>6,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
8.2	Issued, subscribed and paid-up capital				
	Ordinary shares of Rs. 10 each fully paid in cash	<u>2,017,045</u>	<u>2,017,045</u>	<u>201,704,516</u>	<u>201,704,516</u>
	Ordinary shares of Rs. 10 each issued as bonus shares	<u>771,721</u>	<u>771,721</u>	<u>77,172,088</u>	<u>77,172,088</u>
		<u>2,788,766</u>	<u>2,788,766</u>	<u>278,876,604</u>	<u>278,876,604</u>
8.3	Ordinary shares of the Parent Company held by associated undertakings are as follows:				
		Basis of relationship	2019	2018	
			(Number of shares)		
	First Capital Securities Corporation Limited	Common Directorship	7,504,915	7,504,915	
	First Capital Equities Limited	Common Directorship	7,600,000	7,600,000	
			<u>15,104,915</u>	<u>15,104,915</u>	
8.4	There has been no movement in ordinary share capital issued, subscribed and paid up during the year ended 30 June 2019.				
8.5	Reserves	<i>Note</i>	2019	2018	
			--- (Rupees in thousand) ---		
	Share premium reserve	8.5.1	273,265	273,265	
	Share in reserves of associate		14,042	14,042	
			<u>287,307</u>	<u>287,307</u>	
8.5.1	This reserve can only be utilized by the Group for the purpose specified in Section 81 (2) of the Companies Act, 2017.				
9	Long term finances - secured		2019	2018	
			--- (Rupees in thousand) ---		
	Soneri Bank - demand finance		19,043	24,343	
	Pak Iran Joint Investment Company- markup		<u>58,168</u>	<u>54,132</u>	
			<u>77,211</u>	<u>78,475</u>	
	<i>Less:</i>				
	Current maturity presented under current liabilities		<u>(27,401)</u>	<u>(24,343)</u>	
			<u>49,810</u>	<u>54,132</u>	

9.1 Pak Iran Joint Investment Company

On 28 December 2016, Pak Iran Joint Investment Company ('PAIR') and the Parent Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with accrued mark-up aggregating to Rs 172.311 million. The settlement was partly made against property situated at mezzanine floor of Pace Tower measuring 5,700 square feet along with car parking area rights for 7 cars in basement No. 2 amounting to Rs 105.450 million. In accordance with the SA, PAIR purchased the aforementioned properties from the Parent Company. Pursuant to the SA, on 28 December 2016, the Parent Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Parent Company and PAIR also agreed that PAIR will continue to hold its charge over Pace MM Alam up till repayment of the balance outstanding amount.

Terms of repayment

In accordance with the SA, the remaining outstanding mark-up of Rs. 66.860 million has been rescheduled and is payable over a period of 7 years with nil mark-up starting from 28 December 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments. Amortized cost has been determined using effective interest rate of 6% per annum. Movement is as follows:

	2019	2018
	--- (Rupees in thousand) ---	---
As at beginning of year	54,132	51,068
Add: Amortized during the year	4,036	3,064
As at end of year	<u>58,168</u>	<u>54,132</u>

Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.857 million on the property being piece and parcel of land located at Plot no. 96/B-1, Gulberg III, Lahore measuring 4 kanals and 112 square feet along with structures, superstructures and appurtenances including shops/counters having area measuring 20,433 square feet. The charge ranks parri passu with that of National Bank of Pakistan to the extent of Rs. 66.667 million.

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9.2 Soneri Bank - demand finance

Terms of repayment

During the year ended 30 June 2018, the Parent Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Parent Company was required to pay Rs 30.91 million in 12 instalments for settlement of entire principal amounting to Rs 27.42 million along with the accrued mark-up amounting to Rs 17.87 million. The first instalment was due to be paid on 31 May 2018 amounting to Rs 3.07 million, which was paid on June 22, 2018. The delayed payment has been categorized as "event of default" under the terms of the agreement. Consequently, the remaining principal amount of Rs. 24.343 million and accrued mark-up of Rs 17.87 million is repayable on demand and classified as current liabilities under the guidance contained in IAS 1 "Presentation of Financial Statements".

Security

This facility is secured against a charge amounting to the sum of Rs 50 million created on the land and building on Plot no. 41 Block N, Gulberg II, Industrial Area Lahore measuring 4.086 kanals along with present and future construction thereon.

9.3 Syndicate term finance facility

In the preceding years, the company settled the principal and accrued mark up of the below mentioned facilities with properties at Pace Tower on following key terms:

9.3.1 National Bank of Pakistan

On 4 December 2015 National Bank of Pakistan ('NBP') and the Parent Company entered into the Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of NBP's portion of Syndicate Term Finance Facility ('STFF') and Term finance as referred in along with their accrued mark-up aggregating to Rs 398.711 million against property situated at upper ground floor, mezzanine floor and basement of Pace Tower measuring 18,525 square feet. According to clause F of the SA, NBP purchased the aforementioned properties of Rs 332.113 million and waived accrued mark-up of Rs 66.598 million. Pursuant to the SA, on 30 December 2015 the Parent Company and NBP executed sale deed, wherein the area was enhanced to 20,800 square feet against relaxation of certain condition under SA and possession of the property was handed over to NBP. The Parent Company and NBP also agreed that NBP will continue to hold its charge on Pace Tower except for the podium level and later it will take over charge being vacated by PAIR Investment Company Limited as a result of settlements.

9.3.2 Habib Bank Limited

On 16 December 2015 Habib Bank Limited ('HBL') and the Parent Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('DSA') for settlement of HBL's portion of STFF along with the accrued mark-up aggregating to Rs 178.809 million against property situated at ground floor of Pace Tower and third floor of Pace Model Town (extension) measuring 4,238 square feet and 431 square feet respectively. In accordance with the SA, HBL purchased the aforementioned properties from the Parent Company for a consideration of Rs 106.895 million and waived accrued mark-up of Rs 71.914 million. Pursuant to the DSA, on 30 December 2015, the Parent Company and HBL executed sale deed and possession of the properties was handed over to HBL. The Parent Company and HBL also agreed that HBL will continue to hold its charge over 21 floors i.e. from 1st to 21st floors in Pace Tower until the finishing work on aforementioned property in Pace Tower is complete.

9.3.3 National Bank of Pakistan - term finance

During the year ended 30 June 2016, NBP and the Company settled the entire principal and accrued mark-up together with its portion of STFF against property situated at Pace Tower.

9.3.4 Al Baraka Bank (Pakistan) Limited - musharika based agreement

On 28 December 2015, Al Baraka Bank (Pakistan) Limited ('ABBPL') and the Parent Company entered into Debt Asset Swap / Liabilities Settlement Agreement ('SA') for settlement of entire principal along with the accrued mark-up aggregating to Rs 398.562 million against property situated at first floor of Pace Tower measuring 17,950 square feet. In accordance with the SA, ABBPL purchased the aforementioned properties from the Parent Company for a consideration of Rs 242.291 million and waived accrued mark-up of Rs 156.271 million. Pursuant to the SA, on 30 December 2015, the Parent Company and ABBPL executed sale deed and possession of the property was handed over to ABBPL. The Parent Company and ABBPL also agreed that ABBPL will continue to hold its charge over Pace Tower up till completion certificate has been procured from Lahore Development Authority.

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		2019	2018
10	Redeemable capital - secured (non-participatory)	--- (Rupees in thousand) ---	
	Term finance certificates	935,571	935,571
	Less: Current maturity presented under current liabilities	(935,571)	(935,571)
		-	-

10.1 Terms finance certificate

This represents term finance certificates (TFC's) listed on Lahore Stock Exchange before integration of Pakistan Stock Exchange issued for a period of 5 years. On 27 September 2010, the Parent Company completed the restructuring of its term finance certificates. Restructuring was duly approved by majority of TFC holders holding certificates in aggregate of 51.73 %, through extraordinary resolution passed in writing. Consequent to the approval of TFC holders, addendum to the trust deed was executed between the and trustee 'IGI Investment Bank Limited' (now 'IGI Holdings Limited') under which the Parent Company was allowed one and a half year grace period along with an extension of four years in the tenure of TFC issue and consequently, the remaining tenure of TFC shall be six and a half years effective from 15 August 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (2018: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Parent Company could not repay on a timely basis, the instalments due as per the revised schedule of repayment and is not compliant with certain debt covenants which represents a breach of the respective agreement, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 "Presentation of Financial Statements". The Parent Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

During the year, Pakistan Stock Exchange vide notification PSX/N-5278 dated 14 September 2018 placed the TFCs under defaulter segment and imposed penalty of Rs 0.100 million on the Parent Company due to failure to redeem the outstanding principal amount and mark-up despite lapse of considerable time. Pakistan Stock Exchange advised the Parent Company to rectify the default by 15 October 2018. Consequently, the Parent Company has submitted its reply to the Pakistan Stock Exchange on 28 September 2018 whereby the Parent Company has intimated the Exchange that it is currently negotiating with the TFC holders for settlement of outstanding liabilities and for relaxation in payment terms and certain other covenants and accordingly has requested the Exchange to revisit the order. However the TFCs are still in the defaulter segment due to non compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations.

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the Parent Company properties situated at 124/E-1, Main Boulevard Gulberg III, Lahore, 38-A and 39 Block P, Model Town, Lahore, G.T. Road Gujrat, G.T. Road, Gujranwala, and first exclusive hypothecation charge over certain specific fixed assets, to the extent of Rs 2,000 million.

10.2 Settlement with Askari Bank Limited

On 07 February 2018, Askari Bank Limited ('Bank') and the Parent Company entered into Debt Asset Swap Agreement for full and final settlement of outstanding amount of TFCs along with their accrued mark-up against fifth and sixth floor of Pace Tower measuring 14,903 square feet and 6,731 square feet respectively. In accordance with the terms of the agreement, the Bank purchased the aforementioned floors for Rs 185.926 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark-up amounting to Rs 89.291 million along with future mark-up upon completion of certain terms and conditions on or before 30 June 2019. The terms and conditions of the agreement have not been complied with, consequently, the impact of financial relief has not been accounted for in the financial statements.

		2019	2018
11	Liabilities against assets subject to finance lease	---	---
	Note	--- (Rupees in thousand) ---	
	Present value of minimum lease payments	18,046	18,046
	Less: Current portion shown under current liabilities	<u>(18,046)</u>	<u>(18,046)</u>
		-	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 9% to 15% (2018: 9% to 15%) to arrive at their present value. The lessee has the option to purchase the assets after the expiry of the lease term. Taxes, repairs and insurance costs are to be borne by the lessee. The liability is partly secured by a deposit of Rs 11.500 million (2018: Rs 11.500 million).

On 17 October 2018, Orix Leasing Company ('plaintiff') has filed a case in Banking Court VII against the Parent Company. The plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff. The amount claimed by the plaintiff has already been booked in these consolidated financials. However, as per legal advisor of the Parent Company there are meritorious grounds to defend the claim.

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		2019	2018
		--- (Rupees in thousand) ---	
12 Foreign currency convertible bonds - unsecured	<i>Note</i>		
Opening balance		2,054,739	1,757,713
Mark-up accrued during the year		25,892	19,140
		<u>2,080,631</u>	<u>1,776,853</u>
Exchange loss for the year	12.2	724,904	277,886
		<u>2,805,535</u>	<u>2,054,739</u>
<i>Less:</i>			
Current maturity presented under current liabilities		<u>(2,805,535)</u>	<u>(2,054,739)</u>
		<u>-</u>	<u>-</u>

12.1 On 27 December 2007, BNY Corporate Trustee Services Limited incorporated in United Kingdom with its registered office at One Canada Square, London E14 5AL and the Parent Company entered into agreement that the Parent Company issue 25,000 convertible bonds of USD 1,000 each amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on 28 December 2012 at the accreted principal amount. The bonds carry a mark-up of 5.5% per annum, compounded semi-annually, accretive (up till 28 December 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds had an option to convert the bonds into equity shares of the Parent Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. In aggregate USD 13 million bonds have been converted into ordinary shares as at 30 June 2019.

As the fair value calculated for the financial instrument is quite subjective and cannot be measured reliably, consequently the bonds have been carried at cost and includes accreted mark-up.

12.2 This represents exchange loss arising on translation of foreign currency convertible bonds.

		2019	2018
		--- (Rupees in thousand) ---	
13 Deferred liabilities	<i>Note</i>		
Staff gratuity	13.1	42,871	41,359
Leave encashment	13.2	3,033	3,420
		<u>45,904</u>	<u>44,779</u>
13.1 Staff gratuity			
Balance at 1 July		41,359	44,889
<i>Included in statement of profit or loss:</i>			
Service cost		6,269	8,216
Interest cost		3,479	3,092
		<u>9,748</u>	<u>11,308</u>
<i>Included in statement of comprehensive income:</i>			
Remeasurements:			
Actuarial loss from changes in financial assumptions		542	134
Experience adjustments		(3,382)	(4,994)
		<u>(2,840)</u>	<u>(4,860)</u>
<i>Other:</i>			
Benefits due but not paid (payable)		(4,941)	(9,978)
Benefits paid		(455)	-
		<u>(5,396)</u>	<u>(9,978)</u>
Balance at 30 June		<u>42,871</u>	<u>41,359</u>
Charge for the year has been allocated as follows:			
Cost of sales		3,899	1,470
Administrative and selling expenses		5,849	9,838
		<u>9,748</u>	<u>11,308</u>

Plan Assets

The Group is operating an unfunded gratuity scheme and has not invested any amount for meeting the liabilities of the scheme.

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	2019	2018
13.2 Leave encashment	--- (Rupees in thousand) ---	
The amounts recognised are as follows:		
Balance at 1 July	3,420	4,001
<i>Included in statement of profit or loss:</i>		
Service cost	32	182
Interest cost	282	274
	314	456
<i>Included in statement of comprehensive income:</i>		
Remeasurements:		
Actuarial loss from changes in financial assumptions	-	-
Experience adjustments	(114)	(125)
	(114)	(125)
<i>Other:</i>		
Benefits due but not paid (payable)	(587)	(912)
Benefits paid	-	-
	(587)	(912)
Balance at 30 June	3,033	3,420
Charge for the year has been allocated to administrative and selling expenses.		

Plan Assets

The Group has not invested any amount for meeting the liabilities of the scheme.

	2019		2018	
	Gratuity	Leave encashment	Gratuity	Leave encashment
13.3 Actuarial assumptions				
Discount rate used for year end obligations	14.25%	14.25%	9%	9%
Expected rate of growth per annum in future salaries	13.25%	13.25%	8%	8%
Expected mortality rate	SLIC (2001-2005) Setback 1 Year			
Wighted average duration of defined benefit plan	5 years	5 years	6 years	6 years
Average number of leaves accumulated per annum by employees	-	5 days	-	5 days
Average number of leaves utilised per annum by employees	-	15 days	-	15 days
Retirement age	Age 60	Age 60	Age 60	Age 60

13.4 The Group expects to charge Rs. 8.865 million to the consolidated statement of profit or loss on account of gratuity in the year ending 30 June 2020.

13.5 Sensitivity Analysis	2019		2018	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Year end sensitivity on defined benefit obligat	--- (Rupees in thousand) ---			
Discount rate + 100 bps	40,773	3,251	39,190	3,251
Discount rate - 100 bps	45,224	3,610	43,806	3,610
Salary increase + 100 bps	45,308	3,602	43,895	3,602
Salary increase - 100 bps	40,659	3,256	39,069	3,256

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

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13.6 The plans expose the Group to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service/ age distribution and the entitled benefits of the beneficiary.

14 Contract liability

This principally represents advances received from various parties against sale of apartments and houses in Pace Tower project, Lahore and its breakup at 30 June 2019 is as follows:

	2019	2018
	--- (Rupees in thousand) ---	
MCB Bank Limited	137,567	-
First Capital Investment Limited	16,020	16,020
First Capital Securities Corporation Limited	45,887	45,887
First Capital Equities Limited	3,086	38,931
Others	53,004	68,909
	<u>255,564</u>	<u>169,747</u>

14.1 The maximum aggregate advance received from related parties at the end of any month during the year is given below:

	2019	2018
	--- (Rupees in thousand) ---	
	Note	
First Capital Investment Limited - related party	16,020	16,020
First Capital Securities Corporation Limited - related party	45,887	45,887
First Capital Equities Limited - related party	3,086	38,931
	<u>64,993</u>	<u>100,838</u>

15 Current maturity of long term liabilities

Long term finances - secured	27,401	24,343
Redeemable capital - secured (non-participatory)	935,571	935,571
Liabilities against assets subject to finance lease	18,046	18,046
Foreign currency convertible bonds - unsecured	2,805,535	2,054,739
	<u>3,786,553</u>	<u>3,032,699</u>

16 Creditors, accrued and other liabilities

Trade creditors	16.1	344,334	229,005
Rentals against investment property received in advance		4,063	4,120
Accrued liabilities		179,186	163,602
Security deposits	16.2	50,399	52,920
Payable to contractors		2,699	2,699
Retention money		6,093	2,443
Payable to statutory bodies		80,433	69,630
Others	16.3	47,323	30,041
		<u>714,530</u>	<u>554,460</u>

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- 16.1 This includes payables to related parties under normal course of business and are interest free.

	2019	2018
Related parties	(Rupees in thousand)	
Pace Barka Properties Limited	-	292
First Construction Limited	87	87

The maximum aggregate amount due to these related parties at the end of any month is given below:

	2019	2018
Related parties	(Rupees in thousand)	
Pace Barka Properties Limited	-	2,247
First Construction Limited	87	87
	<u>87</u>	<u>2,334</u>

- 16.2 These represent security deposits received against rent of shops rented out in the Plazas. None of these amounts is utilizable for Group or other purpose. The Group has not kept this amount in a separate bank account. The Group is in process of ensuring compliance with the requirement of section 217 of the Companies Act, 2017.

- 16.3 This includes payables to related parties under normal course of business and are interest free. These balances also represents the maximum aggregate amount due to these related parties.

	Note	2019	2018
Related parties		(Rupees in thousand)	
First Capital Securities Corporation		78	78
First Capital Equity Limited		980	700
		<u>1,058</u>	<u>778</u>

17 Accrued finance cost

Long term finances - secured	17.1	21,553	17,872
Redeemable capital - secured (non-participatory)		1,015,631	913,792
Liabilities against assets subject to finance lease		40,639	39,693
		<u>1,077,823</u>	<u>971,357</u>

- 17.1 The amount represents overdue markup on loan from Soneri Bank Limited. The loan has been restructured during the year ended 30 June 2018 including the overdue mark-up, which is now repayable in 12 instalments. However, the entire outstanding amount has been classified as current maturity due to delay in payment of instalment leading to breach of debt covenants.

18 Contingencies and commitments

18.1 Contingencies

- 18.1.1 Claims against the Parent Company not acknowledged as debts amounting to Rs 21.644 million (2018: Rs 21.644 million).

- 18.1.2 On 10 October 2017, the Parent Company filed a petition against Damas (the tenant at the MM Alam Plaza) in the Rental Tribunal at Lahore on the grounds that the tenant has violated the terms and conditions of the lease agreement including failure to pay rent and denial of the right to entry into the premises. The amount of claim is Rs. 66.60 million.

The petition is pending for hearing. As per legal advisors of the Parent Company, there are reasonable grounds to defend the Parent Company's claim, however no asset has been booked in the financial statements.

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18.1.3 In January 2017, owners of eight shops ('plantiffs') at MM Alam plaza entered into a lease agreement with the Parent Company. The Parent Company further entered into an agreement with DAMAS to sub lease the same shops and paid the lease rental to shop owners for first two months but then stopped the payments because DAMAS defaulted in the payments of lease rentals to the Parent Company. In October 2018, plantiffs filed a suit in the Rental Tribunal against the Parent Company for breaching the terms of lease agreements. Rental Tribunal decided the suit in favor of these owners but the Parent Company has filed an appeal in the ('Appellate Tribunal'). The case is open for argument and the total sum payable which is contingent upon the court's decision stands at Rs. 12.5 million as unpaid lease rentals.

18.1.4 On 29 November 2012, Shaheen Insurance Company Limited and First Capital Securities Corporation Limited (on behalf of First Capital Group) entered into an agreement whereby, it was agreed that liability pertaining to reverse repo transaction amounting to Rs 99.888 million along with insurance premium payable amounting to Rs 88.859 million from First Capital Group shall be settled vide sale of 4.7 million shares of First Capital Equities Limited to Shaheen Insurance Company Limited at a price of Rs. 40. Included in the insurance payable is Rs 57.962 million pertaining to the Parent Company. It was agreed that Shaheen Insurance Company Limited will be allowed to sell the share after two years, however, the first right to refusal shall be given to the First Capital Group. Further, First Capital Group guaranteed to buy back the shares at Rs 40 in case the shares are not saleable in open market. The agreement was subsequently amended on March 7, 2013 to remove restriction of holding period of two years. In addition to that, the guarantee to buy back was also revoked.

On 24 April 2015, Shaheen Insurance Company Limited filed a suit for recovery of Rs 188.747 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Group is of Rs 57.962 million. As per legal advisors of the Parent Company there are meritorious grounds to defend the claim and consequently no provision has been made in these financial statements.

18.2 Commitments

18.2.1 Commitments made by the Parent Company in respect of capital expenditure i.e. purchase of properties from Pace Barka Properties Limited ('equity-accounted investee'), amounts to Rs. 115.690 million (2018: Rs. 206.743 million) and Capital Heights (Private) Limited, amounts to Rs. 74.505 million (2018: 149.927 million).

18.2.2 Corporate guarantee given by the Parent Company on behalf of Pace Barka Properties Limited ('equity-accounted investee'), in favor of The Bank of Punjab, amounting to Rs. 900 million (2018: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

18.2.3 The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	2019 --- (Rupees in thousand) ---	2018
Less than one year		11,074	9,844
Between one and five years		53,833	46,758
More than five years		672,458	695,530
		<u>737,365</u>	<u>752,132</u>

19 Property, plant and equipment

Operating fixed assets	19.1	439,657	423,711
Capital work in process	19.2	28,807	28,448
		<u>468,464</u>	<u>452,159</u>

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19.1 Operating fixed assets

	Freehold land *	Leasehold land **	Buildings on freehold land	Buildings on leasehold land ***	Plant and machinery	Electrical equipment	Office equipment and appliances	Furniture and fixtures	Computers	Vehicles	Total
(Rupees in thousand)											
Net carrying value basis											
Year ended 30 June 2019											
Opening net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Additions (at cost)	-	-	-	-	-	42,000	-	-	-	-	42,000
Transfers from leased assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(5,132)	(5,428)	(2,262)	(9,630)	(261)	(351)	(104)	(2,886)	(26,054)
Closing net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Gross carrying value basis											
As at June 2019											
Cost	155,152	-	179,470	179,122	85,795	167,588	11,683	11,801	10,087	57,390	858,088
Accumulated depreciation	-	-	(81,961)	(130,401)	(65,467)	(66,903)	(9,338)	(8,638)	(9,877)	(45,846)	(418,431)
Net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
Net carrying value basis											
Year ended 30 June 2018											
Opening net book value	155,152	-	108,044	59,577	25,100	55,391	2,895	3,904	469	14,275	424,807
Additions (at cost)	-	-	-	-	-	18,800	-	-	-	4,000	22,800
Transfers from leased assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	(273)	(273)
Depreciation charge	-	-	(5,403)	(5,428)	(2,510)	(5,876)	(289)	(390)	(155)	(3,572)	(23,623)
Closing net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Gross carrying value basis											
As at June 2018											
Cost	155,152	-	179,470	179,122	85,795	125,588	11,683	11,801	10,087	57,390	816,088
Accumulated depreciation	-	-	(76,829)	(124,973)	(63,205)	(57,273)	(9,077)	(8,287)	(9,773)	(42,960)	(392,377)
Net book value	155,152	-	102,641	54,149	22,590	68,315	2,606	3,514	314	14,430	423,711
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	

* Freehold land represents the uncovered area of Main Boulevard Project, MM Alam Road Project, Model Town Link Road Project, Gujranwala Project, Gujrat Project and Woodland Project which is not saleable in the ordinary course of business.

** Leasehold land represents a piece of land transferred in the name of the Parent Company by the Ministry of Defence, measuring 20,354 square yards situated at Survey No. 131/A, Airport Road, near Allama Iqbal International Airport, Lahore Cantt. The Parent Company secured the bid for the said piece of land on behalf of Pace Barka Properties Limited (PBPL), an associated undertaking, since at the time of bidding PBPL was in the process of incorporation. Subsequent to the bidding, payment was made by PBPL but the Ministry of Defence refused to transfer the said piece of land in the name of PBPL as it was not the original bidder, therefore the legal ownership has been transferred in the name of the Parent Company. Consequently, to avoid additional transaction costs relating to transfer of legal ownership, the Parent Company has entered into an agreement with PBPL, whereby the possession of the land and its beneficial ownership has been transferred to PBPL through an Irrevocable General Power of Attorney dated May 15, 2007.

*** Building on leasehold land represents 8,227 square feet (2018: 8,227 square feet) relating to 2nd and 3rd floors of Fortress Project, Lahore the right of which has been acquired for 33 years in 2011 from Fortress Stadium management, Lahore Cantt.

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19.1.1 Particulars of immovable property (i.e. land and building) in the name of the Parent Company are as follows:

Location	Usage of immoveable property	Total area (acres)	*Covered Area (Square Feet)
38,38/A,39, Block P, Model Town Link Road, Lahore	Shopping plaza	92,184	70,152
40, Block P, Model Town Link Road, Lahore	Shopping plaza	40,755	21,933
Bridge Point Plaza, Fortress Stadium, Lahore Cantt.	Shopping plaza	32,081	24,431
96-B-I, M.M Alam Road, Gulberg - III, Lahore	Shopping plaza	85,054	66,942
Mouza Dhola Zarri, Main GT Road Gujranwala	Shopping plaza	74,824	53,602
Mouza Ado-Wal, G.T Road, Tehsil & District, Gujrat	Shopping plaza	112,347	85,347
124/E-I Main Boulevard Gulberg III Lahore	Shopping plaza	115,833	81,601
Bedian Road, Lahore	Management	7,875	-

The buildings on freehold land and other immovable assets of the Group are constructed / located at above mentioned freehold land.

* The covered area includes multi storey buildings.

		2019 --- (Rupees in thousand) ---	2018
Depreciation charge for the year has been allocated as follows:			
Cost of sales	31.3	13,527	13,351
Admin and Selling Expenses	32	12,527	10,272
		<u>26,054</u>	<u>23,623</u>

19.1.2 Operating fixed assets includes a vehicle, having cost of Rs. 1,394 million (2018: Rs. 1,394 million), which is fully depreciated but still in use as at 30 June 2019.

19.2 This amount relates to the 3rd floor of Pace Tower, covering an area of 4,170 square feet, which is under construction and is to be held for use.

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20 Intangible assets

	Note	2019 --- (Rupees in thousand) ---	2018
Optical fiber	20.1	4,161	4,637
Computer software	20.2	358	398
		<u>4,519</u>	<u>5,035</u>
20.1 Optical fiber			
Cost		9,508	9,508
<u>Accumulated amortisation</u>			
As at 01 July		4,637	5,113
Amortisation for the year		(476)	(476)
Net book value as at 30 June		<u>4,161</u>	<u>4,637</u>
Rate of amortisation		<u>5%</u>	<u>5%</u>
20.2 Computer software			
Cost		2,878	2,878
<u>Accumulated amortisation</u>			
As at 01 July		398	442
Amortisation for the year		(40)	(44)
Net book value as at 30 June		<u>358</u>	<u>398</u>
Rate of amortisation		<u>10%</u>	<u>10%</u>

The computer software and Optical fiber is being amortised at the rate of ten percent and five percent per annum respectively. Amortisation is charged using reducing balance method except Optical fiber which is being amortised using straight line method.

21 Investment property

	Cost		Fair value	
	2019	2018	2019	2018
	(Rupees in thousand)			
Opening value	730,182	1,583,234	1,662,942	3,464,202
- Disposal of investment properties	-	(853,052)	-	(1,731,430)
Closing value before revaluation as at June 30	730,182	730,182	1,662,942	1,732,772
Fair value gain / (loss) recognised in the statement of profit or loss	-	-	5,799	(69,830)
As at 30 June	<u>730,182</u>	<u>730,182</u>	<u>1,668,741</u>	<u>1,662,942</u>

21.1 The forced sale value of investment property amounts to Rs. 1,418.429 million (2018: Rs 1,413.501 million).

Investment properties represent the Parent Company's interest in land and buildings situated at Model Town Lahore, Gulberg Lahore, Gujranwala and Gujrat.

Investment property comprises a number of commercial properties that are either leased to third parties or held for value appreciation. Changes in fair values are recognised and presented separately as "Gain / (loss) from change in fair value of investment property" in the statement of profit or loss.

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21.1.1 Fair value

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuer KG Traders, having appropriate recognised professional qualifications. The independent valuers provide the fair value of investment property portfolio annually. Latest valuation of these assets was carried out on 30 June 2019. The level 2 fair value of freehold land has been derived using the sales comparison approach. Level 3 fair value of Buildings has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value.

The following is categorization of assets measured at fair value at 30 June 2019:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,535,816	1,535,816
	-	132,925	1,535,816	1,668,741

The following is categorization of assets measured at fair value at 30 June 2018:

	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Freehold land	-	132,925	-	132,925
Buildings	-	-	1,530,017	1,530,017
	-	132,925	1,530,017	1,662,942

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer fair value hierarchy for the valuation techniques adopted.

Description	Significant Unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings	- Cost of construction of a new similar building - Suitable depreciation rate to arrive at depreciated replacement value	The market value has been determined by using a depreciation of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

22 Investment in equity-accounted investee

	Note	2019 --- (Rupees in thousand) ---	2018
Associate - unquoted (accounted for under equity method)			
Pace Barka Properties Limited			
75,875,000 (2018: 75,875,000) fully paid			
ordinary shares of Rs 10 each			
Equity held 24.86% (2018: 24.86%)	22.1	1,098,948	1,126,446
At Fair Value through OCI	22.2	-	-
		<u>1,098,948</u>	<u>1,126,446</u>

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	2019	2018
	--- (Rupees in thousand) ---	
22.1 Associate - unquoted		
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	367,795	354,921
	<u>1,126,446</u>	<u>1,113,572</u>
Share of movement in reserves during the year	-	54
Share of profit for the year		
- before taxation	(14,212)	27,113
- provision for taxation	(13,286)	(14,293)
	<u>(27,498)</u>	<u>12,820</u>
Balance as on June 30	<u>1,098,948</u>	<u>1,126,446</u>

22.1.1 PACE Barka Properties Limited ("PBPL") was incorporated in Pakistan on 22 November 2005 as an unlisted public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of PBPL is to acquire, construct, develop, sell, rent out and manage shopping malls, apartments, villas, commercial buildings, etc. and to carry on the business of hospitality. The following table summarizes the financial information of PBPL as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in its associate.

	2019	2018
	--- (Rupees in thousand) ---	
Non-current assets (adjusted for revaluation surplus)	3,439,086	3,454,165
Current assets	2,633,717	2,682,790
Non-current liabilities	249,064	307,756
Current liabilities	1,403,192	1,298,040
Net assets (100%)	<u>4,420,547</u>	<u>4,531,159</u>
Company's share of net assets / carrying amount of interest	<u>1,098,948</u>	<u>1,126,446</u>
Revenue	195,763	592,415
Profit from operations	(110,613)	73,771
Other comprehensive income	-	219
Total comprehensive income (100%)	<u>(110,613)</u>	<u>73,990</u>
Company's share of total comprehensive income	<u>(27,498)</u>	<u>18,394</u>

The financial year end of PBPL is also 30 June and above figures (adjusted with the effect of inconsistencies between Group and PBPL accounting policies) are based on audited financial statements as of the same period.

	2019	2018
	--- (Rupees in thousand) ---	
22.2 At Fair Value through OCI		
As at 30 June	-	-
22.2.1 As at 1 July	-	1,023
Transferred to statement of profit or loss on derecognition of investment	-	(1,023)
As at June 30	-	-

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23 Long term advances and deposits

These are in the ordinary course of business and are interest free advances and deposits.

24 Deferred taxation

The liability/(asset) for deferred taxation comprises temporary differences relating to:

	2019	2018
	--- (Rupees in thousand) ---	
Accelerated tax depreciation	201,885	170,844
Employee retirement benefits	(13,312)	(16,144)
Provision for net realisable value	(6,718)	-
Provision for doubtful receivables	(55,695)	(55,684)
Deferred cost	(75)	(89)
Unused tax losses	(126,085)	(98,927)
Investment in associate	51,045	65,180
	<u>51,045</u>	<u>65,180</u>

The gross movement in deferred tax liability during the year is as follows:

Opening balance	65,180	62,421
(Income) / expense for the year	(14,135)	2,759
Closing balance	<u>51,045</u>	<u>65,180</u>

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward under section 113 of the Income Tax Ordinance, 2001 are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable. The Parent Company has not recognised deferred tax assets of Rs 281.153 million (2018: Rs 317.712 million) in respect of tax losses and Rs 93.879 million (2018: 92.505 million) in respect of minimum tax paid available for carry forward under section 113 and 113C of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid under section 113 of Income Tax Ordinance, 2001 amounting to Rs 3.626 million, Rs 4.132 million, Rs 4.168 million, Rs 4.255 million and Rs 9.218 million will lapse in the year 2019, 2020, 2021, 2022 and 2023 respectively. Minimum tax paid under section 113 C of Income Tax Ordinance, 2001 aggregating to Rs 51.055 million and Rs 16.049 million will lapse in the year 2026 and 2027 respectively. Tax losses amounting to Rs 535.643 million, Rs 271.825 million and Rs 304.691 million will expire in year 2019, 2020 and 2021 respectively.

		2019	2018
		--- (Rupees in thousand) ---	
25 Stock-in-trade	Note		
Land purchased for resale	25.1	930,765	333,000
Work in progress			
Pace Tower	25.2	600,317	603,998
Pace Circle	25.3	687,054	595,966
Pace Supermall		354,600	354,600
Completed units- shops and houses		<u>549,753</u>	<u>422,991</u>
		3,122,489	2,310,555
Stores inventory		737	934
		<u>3,123,226</u>	<u>2,311,489</u>

25.1 This represents plot purchased for resale purposes amounting to Rs. 930.765 (2018: Rs. 333 million).

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25.2 Included in work in progress are borrowing costs of Rs. 101 million (2018: Rs. 101 million).

25.3 Pace Circle is a project carried by Pace Barka (Private) Limited ('equity-accounted investee'). The project is under construction as at year end and the Parent Company has realized the cumulative payments made till the year end as at 30 June 2019 as its inventory while remaining amount is shown in commitments note. The payments made during the year amounted to Rs. 91.088 million and is made part of inventory.

	Note	2019 --- (Rupees in thousand) ---	2018
26 Trade debts			
<i>Secured</i>			
Considered good		424,753	494,883
<i>Unsecured</i>			
Considered doubtful		181,150	192,015
		<u>605,903</u>	<u>686,898</u>
Less: Impairment allowance	40.1	<u>(181,150)</u>	<u>(192,015)</u>
		<u><u>424,753</u></u>	<u><u>494,883</u></u>

26.1 This includes the following amounts due from related parties:

Rema & Shehrbano	185	50
First Capital Investment Limited & First Capital Mutual Fund	504	504
First Capital Equities Limited	1,596	1,079
First Capital Securities Corporation Limited	6,881	6,681
Pace Barka Properties Limited	-	302
Conatural cosmetics	181	-
	<u>9,347</u>	<u>8,616</u>

26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 10.629 million (2018: Rs. 9.150 million).

	Note	2019 --- (Rupees in thousand) ---	2018
27 Advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees	27.1	16,124	14,951
- to suppliers	27.2	118,460	70,132
Advance against purchase of property	27.3	221,567	542,000
Security deposits	27.4	12,285	12,275
Receivable against sale of investment property		99,979	545,124
Others - considered good	27.5	9,244	25,158
		<u>477,659</u>	<u>1,209,640</u>

27.1 Advances to employees include advances against salary and gratuity, repayable within one year and at the time of final settlement respectively. This includes Rs. 1.8 million advance given to executive employee of the Parent Company.

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27.2 This includes the following amounts due from related parties:

	2019	2018
	--- (Rupees in thousand) ---	
Ever Green Water Valley (Private) Limited	65,386	52,628
World Press (Private) Limited	447	447
	<u>65,833</u>	<u>53,075</u>

27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 80.302 million (2018: 53.075 million)

27.3 The amount reflects advance paid against the purchase of 4.9 kanal plot at Shadman, Lahore from a related party Evergreen Water Valley (Private) Limited. The maximum aggregate advance given to this related party at the end of any month was Rs. 221.567 million (2018: Nil).

27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.5 million against assets acquired under finance lease. The amount is under dispute and management expects to recover the amount in full.

27.5 This includes rent receivable from a related party 'Media Times Pvt. Limited' amounting to Rs. 7.8 million. The amount also includes impairment allowance of Rs. 19.418 million recognised in the current year.

28 Income tax refundable

This represents mainly withholding tax deducted from profit on bank deposits and rental income from property and advance tax paid on electricity bills under Section 151, 152 and 235 respectively of the Income Tax Ordinance, 2001.

	Note	2019	2018
		--- (Rupees in thousand) ---	
29 Cash and bank balances			
Cash in hand		707	203
Cash at banks			
- Current accounts	29.1	164,579	31,631
- Saving accounts	29.2	219	266
Impairment allowance for expected credit loss		(89)	-
		<u>164,709</u>	<u>31,897</u>
		<u>165,416</u>	<u>32,100</u>

29.1 This includes Rs. 100 million (2018: Nil) on which lien is marked against sale of property to MCB for further development charges at Pace Tower.

29.2 This carries profit at the rates ranging from 3% to 10% (2018: 3% to 5%) per annum.

29.3 This includes impairment allowance of Rs.0.089 million (2018:Nil)

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		2019	2018
		--- (Rupees in thousand) ---	
30 Revenue	<i>Note</i>		
Development services	30.1	339,407	386,580
Sale of property		-	130,439
Display of advertisements		33,494	29,280
Service charges - net	30.2	30,562	50,559
Revenue from contract with customers		403,463	596,858
Other revenue			
Rental income from lease of investment property		36,882	43,106
Total revenue		440,345	639,964

30.1 Development services recognised at percentage of completion basis

	2019	2018
	--- (Rupees in thousand) ---	
Revenue recognised to date	1,579,832	1,240,425
Aggregate cost incurred to date	(1,357,057)	(1,120,493)
Recognised profit to date	222,775	119,932

The revenue arising from agreements, that meet the criteria for revenue recognition on the basis of percentage of completion method, during the year is Rs. 339.407 million (2018: Rs 386.580 million). Rs. 441 million was (2018: Rs. 350.071 million) received during the year against these agreements.

30.2 Services charges - net

The breakup of costs against service income recorded during the year is as follows:

	2019	2018
	--- (Rupees in thousand) ---	
Insurance	3,021	4,451
Fuel and power	107,938	98,176
Janitorial and security charges	13,258	13,393
	124,217	116,020

30.3 Disaggregation of revenue by:

Timing of revenue recognition

At point in time	-	130,439
Over time	403,463	466,419
	403,463	596,858

30.4 Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

		2019	2018
		--- (Rupees in thousand) ---	
Receivables, which are included in trade debts	26	605,903	686,898
Contract liabilities	30.4.1 & 14	255,564	169,747

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30.4.1 The contract liabilities primarily relate to the advance consideration received from customers against sale of properties and development services.

		2019	2018
	Note	--- (Rupees in thousand) ---	
31 Cost of revenue			
Shops and commercial buildings sold			
- at percentage of completion basis	31.1	236,564	364,829
- at completion of project basis	31.2	-	103,583
Write down value to inventory to net realisable value		23,166	80,935
Stores operating expenses	31.3	86,745	98,755
		<u>346,475</u>	<u>648,102</u>
31.1 Shops / apartments and commercial buildings sold at percentage of completion basis			
Opening work in progress		603,998	437,420
Purchase of inventory		171,485	640,831
Project development costs		76,431	59,840
Property disposed / settled against loans		(15,033)	(169,264)
Closing work in progress		(600,317)	(603,998)
Cost of shops / apartments and commercial buildings sold during the year		<u>236,564</u>	<u>364,829</u>
31.2 Shops / apartments and commercial buildings sold at completion of project basis			
	Note	2019	2018
		--- (Rupees in thousand) ---	
Opening inventory of shops and houses		755,991	304,201
Purchased during the year		155,693	636,308
Transfer from advances and prepayments		592,000	-
Write down of inventory to net realisable value		(23,166)	(80,935)
Closing inventory of shops		(549,753)	(422,991)
Closing inventory of land		(930,765)	(333,000)
		<u>-</u>	<u>103,583</u>
31.3 Stores operating expenses			
Salaries, wages and benefits	31.3.1	43,196	47,174
Rent, rates and taxes		8,986	12,039
Depreciation on owned assets	19.1.1	13,527	13,351
Repairs and maintenance		10,503	12,319
Others		10,533	13,872
		<u>86,745</u>	<u>98,755</u>

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31.3.1 Salaries, wages and benefits include following in respect of gratuity:

	<i>Note</i>	2019 --- (Rupees in thousand) ---	2018
Current service cost		2,520	1,068
Interest cost		1,504	402
		<u>4,024</u>	<u>1,470</u>

32 Administrative and selling expenses

Salaries, wages and benefits	32.1	54,628	61,812
Travelling and conveyance		2,641	2,814
Rent, rates and taxes		205	520
Insurance		1,958	2,802
Printing and stationery		701	653
Repairs and maintenance		2,835	2,043
Motor vehicles running		4,289	4,148
Communications		2,982	2,871
Advertising and sales promotion		247	6,624
Depreciation on owned assets	19.1.1	12,527	10,272
Amortisation on intangible assets	20	516	520
Auditors' remuneration	32.2	3,275	3,150
Legal and professional		4,027	3,826
Commission on sales		44,113	55,701
Office expenses		14,528	7,080
Other expenses		12,604	6,087
		<u>162,076</u>	<u>170,923</u>

32.1 Salaries, wages and benefits include following in respect of gratuity and leave encashment:

	2019 --- (Rupees in thousand) ---	2018
Current service cost	3,781	7,329
Interest cost	2,257	2,965
	<u>6,038</u>	<u>10,294</u>

32.2 Auditors' remuneration

The charges for auditors' remuneration includes the following in respect of auditors' services for:

Statutory audit	2,075	2,075
Half yearly review	700	600
Audit of consolidated financial statements,	200	200
Statutory certification	100	100
Out of pocket expenses	200	175
	<u>3,275</u>	<u>3,150</u>

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		2019	2018
		--- (Rupees in thousand) ---	
33	Other income		
	<u>Income from financial assets</u>		
	Mark-up on bank accounts	720	45
	Commission on guarantee	1,238	1,238
	<u>Income from non-financial assets</u>		
	Gain on sale of property, plant and equipment	-	727
	Scrap sales	-	5,100
	Gain on disposal of investment property	-	122,176
	<u>Others</u>		
	Gain on settlement of loans	-	23,119
	Income from parking and storage	6,627	6,786
	Miscellaneous Income	1,461	4,374
	Others	932	-
		<u>10,978</u>	<u>163,565</u>

33.1 This represents commission income on guarantee provided on behalf of Pace Barka Properties Limited (equity-accounted investee).

		2019	2018
		--- (Rupees in thousand) ---	
34	Other operating expenses		
	Loss on sale of investment property	-	1,026
		<u>-</u>	<u>1,026</u>
35	Finance cost		
	Interest and mark-up on:		
	- Long term finances - secured	3,681	1,687
	- Foreign currency convertible bonds - unsecured	25,892	19,140
	- Redeemable capital - secured (non-participatory)	101,839	84,801
	- Interest expense on unwinding of Pak Iran Joint Investment Company	4,036	3,064
	- Liabilities against assets subject to finance lease	946	3,806
		<u>136,394</u>	<u>112,498</u>
	Bank charges and processing fee	1,917	1,553
		<u>138,311</u>	<u>114,051</u>

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36 Taxation

Current:

- For the year
- Prior years

Deferred tax for the year

2019
--- (Rupees in thousand) ---

2018

6,433	3,684
-	2,508
<u>6,433</u>	<u>6,192</u>
(14,135)	2,759
<u>(7,702)</u>	<u>8,951</u>

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2018 Minimum Tax under section Section 113 of Income Tax Ordinance, 2001).

36.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2019 %	2018 %
Applicable tax rate	29.00	30.00
Tax effect of amounts that are:	-	-
Non deductible expenses	(0.31)	-
Income not chargeable to tax	(1.26)	(4.21)
Minimum tax u/s 113 for the year	0.68	0.72
Share of loss / (profit) of equity-accounted investee	-	0.49
Current year losses for which no deferred tax asset is recognised	(28.92)	(25.25)
	<u>(29.81)</u>	<u>(28.25)</u>
Average effective tax rate	<u>(0.81)</u>	<u>1.75</u>

For the purposes of current taxation, the tax losses available for carry forward as at 30 June 2019 are estimated approximately at Rs 969.493 million (2018: Rs 1,523.954 million).

37 Loss per share - basic and diluted

The calculation of basic and diluted loss per share has been based on the following profit attributable to ordinary shareholders of the Parent Company and weighted-average number of ordinary shares outstanding. There are no dilutive potential ordinary shares outstanding as at 30 June 2019 (2018: Nil).

2019
--- (Rupees in thousand) ---

2018

Loss for the year attributable to owners of the Parent Company

Weighted average number of ordinary shares
outstanding during the year

(942,907)	(521,664)
<u>278,877</u>	<u>278,877</u>

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	Note	2019 --- (Rupees in thousand) ---	2018
38 Cash generated from / (used in) operations			
Loss before tax		(950,803)	(512,800)
<i>Adjustment for:</i>			
Exchange loss on foreign currency convertible bonds	12.2	724,904	277,886
Provision for gratuity and leave encashment	13.1 & 13.2	10,062	11,764
Depreciation on owned assets	19.1.1	26,054	23,623
Amortisation on intangible assets	20	516	520
Changes in fair value of investment property	21	(5,799)	69,830
Share of (loss)/ profit from equity-accounted investee - net of tax		27,498	(12,820)
Impairment loss on trade receivables		8,661	47,331
Loss on sale of investments	34	-	1,026
Write down of inventory to net realisable value	31.2	23,166	80,935
Finance costs	35	136,394	112,498
Mark-up income	33	(720)	(45)
Gain on sale of property, plant and equipment		-	(727)
Gain on sale of investment property		-	(122,176)
Gain on settlement of loans		-	(23,119)
Loss before working capital changes		(67)	(46,274)
Effect on cash flow due to working capital changes:			
(Increase) in stock-in-trade		(223,410)	(864,034)
Decrease / (increase) in trade debts		25,424	113,484
(Decrease) in advances, deposits and other receivables		120,563	(565,128)
Increase in contract liability		121,787	18,204
Increase in creditors, accrued and other liabilities		154,542	109,570
		198,906	(1,187,904)
Cash and cash equivalents		198,839	(1,234,178)
Cash and bank balances		165,416	32,100

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38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	30 June 2019						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non- participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
	----- (Rupees in thousand) -----						
Balance as at 01 July 2018	2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357
<u>Cash flows</u>							
Long term loan paid during the year	-	-	(5,300)	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(5,300)	-	-	-	-
<u>Non-cash changes</u>							
Exchange loss	-	-	-	-	-	724,904	-
Finance cost/unwinding of interest expense	-	-	4,036	-	-	25,892	106,466
Total non-cash changes	-	-	4,036	-	-	750,796	106,466
Closing as at 30 June 2019	2,788,766	273,265	77,211	935,571	18,046	2,805,535	1,077,823

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		30 June 2018				
Equity		Liabilities				
Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non- participatory)	Liabilities against assets subject to finance lease	Foreign currency convertible bonds - unsecured	Accrued finance cost
----- (Rupees in thousand) -----						
2,788,766	273,265	78,490	1,121,503	18,046	1,757,713	887,513
-	-	(3,079)	-	-	-	-
-	-	-	(185,932)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(3,079)	(185,932)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	277,886	83,844
-	-	3,064	-	-	19,140	-
-	-	3,064	-	-	297,026	83,844
2,788,766	273,265	78,475	935,571	18,046	2,054,739	971,357

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Transactions with related parties

The related parties comprise of associated company, other related companies, directors of the Group under common directorship and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these financial statements and remuneration of key management personnel is disclosed in note 43. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of Company	Relationship	Nature of transactions	2019	2018
			— (Rupees in thousand) —	
Pace Barka Properties Limited	Associated Company (equity held 24.86%)	Guarantee commission income	1,238	1,238
		Shared expenses charged by the Group	2,084	3,891
		Rental income	3,863	3,476
		Receipts against Pace Circle	2,804	20,366
		Purchase of inventory	91,000	1,800
First Capital Securities Corporation Limited	Common Directorship	Receipts against sale of investment property	400,000	-
		Sale of investment property	-	1,500,000
		Service charges	3,057	5,494
First Capital Investment Limited	Common Directorship	Rental income	672	504
		Shared expenses charged by the Group	1,025	-
Ever Green Water Valley (Private) Limited	Common Directorship	Purchase of property, plant and equipment	42,000	14,077
		Advance against purchase of land	221,567	-
		Purchase of goods and services	51,158	52,800
		Shared expenses charged by the Group	1,025	20
First Capital Equities Limited	Common Directorship	Proceed against sales of property other than investment property	35,845	349,571
		Rental income	643	978
		Purchases	280	-
		Shared expenses charged by the Group	1,025	-
Media Times Limited	Common Directorship	Rental income	14,148	12,569
		Purchase of goods and services	1,398	2,237
Rema and Shehribano	Common Directorship	Service charges	2,412	1,991
Conatural	Common Directorship	Service charges	1,370	743
Post Employment Benefit Plans		Gratuity and leave encashment	1,275	1,275

14/07/2024

40 Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

40.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. As part of these processes the financial viability of all counterparties are regularly monitored and assessed.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

		2019 --- (Rupees in thousand) ---	2018
Long term advances and deposits		15,248	14,250
Trade debts	26	605,903	686,898
Advances, deposits, prepayments and other receivables		137,632	597,508
Bank balance	29	164,709	31,897
		<u>923,492</u>	<u>1,330,553</u>

Trade receivables

All the counterparties are of domestic origin. Ageing of the trade debts is as under:

	2019 --- (Rupees in thousand) ---	
	Gross	Impairment
The ageing of trade debts against properties including related parties at reporting date is as follows:		
- Past due 0 - 365 days	-	-
- 1 - 2 years	33,307	-
- More than 2 years	391,446	-
	<u>424,753</u>	<u>-</u>

Based on the amount of collateral held, the management believes that no impairment allowance is necessary in respect of unprovided past due amounts pertaining to receivable against properties as there are reasonable grounds to believe that the loss given default will not be material. However, receivable against service charge, display of advertisement and rental income is fully provided for as the management does not expect to recover the amount.

Comparative information under IAS 39

	2018 (Rupees in thousand)
- Not past due	-
- Past due 0 - 365 days	41,289
- 1 - 2 years	12,739
- More than 2 years	440,855
	<u>494,883</u>

Bank balances

The Group held cash and cash equivalents of Rs. 165.416 million at 30 June 2019 (2018: Rs. 32.100 million).

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9 no impairment was determined as at 1 July 2018, however impairment losses in respect of bank balances amounting to Rs. 0.089 million (2018: Nil) has been recognised in the statement of profit or loss for the year ended 30 June 2019.

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The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2019	2018
	Short term	Long term			
--- (Rupees in thousand) ---					
Bank Islamic Pakistan Limited	A1	A+	PACRA	9	10
Allied Bank Limited	A1+	AAA	PACRA	42	17,860
Soneri Bank Limited	A1+	AA-	PACRA	7	7
Silk Bank Limited	A-	A-2	JCR-VIS	72	72
Bank Alfalah Limited	A1+	AA+	PACRA	744	229
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	7	6
Askari Bank Limited	A1+	AA+	JCR-VIS	5	5
Faysal Bank Limited	A1+	AA	PACRA	590	31
United Bank Limited	A-1+	AAA	JCR-VIS	6	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	2	2
MCB Bank Limited	A1+	AAA	PACRA	163,932	780
Bank of Punjab	A1+	AAA	PACRA	-	92
Dubai Islamic Bank Pakistan Limited	A-1+	AA-	JCR-VIS	-	13,000
				165,416	32,100

40.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains adequate reserves, by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities. Financial liabilities comprise trade and other payables and due to related parties.

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments.

	2019			
	Carrying amount	One year or less	One to five years	More than five years
--- (Rupees in thousand) ---				
Long term finances - secured	77,211	27,401	49,810	-
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,805,535	2,805,535	-	-
Creditors, accrued and other liabilities	714,530	714,530	-	-
Accrued finance cost	1,077,823	1,077,823	-	-
	<u>5,628,716</u>	<u>5,578,906</u>	<u>49,810</u>	<u>-</u>
2018				
	Carrying amount	One year or less	One to five years	More than five years
----- Rupees -----				
Long term finances - secured	78,475	24,343	47,936	6,196
Redeemable capital - secured (non-participatory)	935,571	935,571	-	-
Liabilities against assets subject to finance lease	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,054,739	2,054,739	-	-
Creditors, accrued and other liabilities	554,460	554,460	-	-
Accrued finance cost	971,357	971,357	-	-
	<u>4,612,648</u>	<u>4,558,516</u>	<u>47,936</u>	<u>6,196</u>

40.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

40.4 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Group is not exposed to foreign currency risk as at the reporting date.

11/01/2021

The Group is exposed to currency risk arising from primarily with respect to the United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to foreign currency convertible bonds. The Group's exposure to currency risk was as follows:

	2019	2018
Following is the Group's exposure to currency risk:	--- (USD in thousand) ---	
Foreign Currency Convertible Bonds- USD	17,055	16,898

The exchange rate applicable at the reporting date is 164.50 (2018: 121.60)

At reporting date, if the PKR had strengthened by one rupee against USD with all other variables held constant, profit for the year would have been higher by Rs. 17,055 million, mainly as a result of net foreign exchange gain on translation of foreign currency loans.

The weakening of the PKR against USD would have had an equal but opposite impact on the profit for the year.

40.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2019		2018	
		Financial asset	Financial liability	Financial asset	Financial liability
<u>Non-derivative financial - instruments</u>	<i>Note</i>	--- (Rupees in thousand) ---			
Fixed rate instruments					
Long term finances - <i>secured</i>	9.2	-	19,043	-	24,343
Foreign currency convertible bonds	12	-	2,805,535	-	2,054,739
Cash at bank		219	-	266	-
Variable rate instruments					
Redeemable capital - <i>secured</i>	10	-	935,571	-	935,571
Liabilities against assets subject to finance lease	11	-	18,046	-	18,046
		219	3,778,195	266	3,032,699

The Group 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 statement of profit or loss.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Profit or loss 100 bps			
2019		2018	
Increase	Decrease	Increase	Decrease
----- Rupees -----			
9,536	(9,536)	9,536	(9,536)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

40.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

40.7 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2019	2018
	--- (Rupees in thousand) ---	
Borrowings	3,818,317	3,068,785
Total equity	1,480,760	2,420,907
Total capital	5,299,077	5,489,692
Gearing Ratio	72%	56%

MSM/MS/44

41 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

		30 June 2019				
		Carrying amount		Fair value		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----					
Financial instruments						
30 June 2019						
Financial assets not measured at fair value						
	15,248	-	15,248	-	-	-
	424,753	-	424,753	-	-	-
	137,632	-	137,632	-	-	-
	165,416	-	165,416	-	-	-
41.2	743,049	-	743,049	-	-	-
Financial liabilities not measured at fair value						
	-	77,211	77,211	-	-	-
	-	935,571	935,571	-	-	-
	-	18,046	18,046	-	-	-
	-	2,805,535	2,805,535	-	-	-
	-	714,530	714,530	-	-	-
	-	1,077,823	1,077,823	-	-	-
41.2	-	5,628,716	5,628,716	-	-	-

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41.1 Fair value measurement of financial instruments

30 June 2018					
Carrying amount			Fair value		
Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
----- (Rupees in thousand) -----					

Note

Financial instruments

30 June 2018

Financial assets not measured at fair value

Long term advances and deposits	13,619	-	13,619	-	-	-
Trade debts	494,581	-	494,581	-	-	-
Advances, deposits, prepayments and other receivables	597,508	-	597,508	-	-	-
Cash and bank balances	32,100	-	32,100	-	-	-
41.2	1,137,808	-	1,137,808	-	-	-

Financial liabilities not measured at fair value

Long term finances - secured	-	78,475	78,475	-	-	-
Redeemable capital - secured (non-participatory)	-	935,571	935,571	-	-	-
Liabilities against assets subject to finance lease	-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured	-	2,054,739	2,054,739	-	-	-
Trade and other payables	-	554,460	554,460	-	-	-
Accrued finance cost	-	971,357	971,357	-	-	-
41.2	-	4,612,648	4,612,648	-	-	-

41.2 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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42 Segment information

		Real estate sales		Investment properties		Others		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
		(Rupees in thousand)							
42.1	Segment revenue	339,407	386,580	36,882	43,106	64,056	210,278	440,345	639,964
	Segment expenses - Cost of sales	236,564	364,829	31,696	16,800	78,215	266,473	346,475	648,102
	Gross (loss) / profit	102,843	21,751	5,186	26,306	(14,159)	(56,195)	93,870	(8,138)
	Changes in fair value of investment property	-	-	5,799	(69,830)	-	-	5,799	(69,830)
	Segment results	102,843	21,751	10,985	(43,524)	(14,159)	(56,195)	99,669	(77,968)
	Administrative and selling expenses							(162,076)	(170,923)
	Impairment loss on trade and other receivables							(8,661)	(47,331)
	Other income							10,978	163,565
	Finance costs							(138,311)	(114,051)
	Exchange loss on foreign currency convertible bonds							(724,904)	(277,886)
	Other operating expenses							(27,498)	(1,026)
	Share of profit from associate - net of tax								12,820
	(Loss) / profit before tax							(950,803)	(512,800)
	Taxation							7,702	(8,951)
	(Loss) / profit for the year							(943,101)	(521,751)
42.2	Segment assets	3,387,163	2,807,292	1,787,797	1,662,942	-	-	5,174,960	4,470,234
	Unallocated assets							2,287,029	2,843,027
								7,461,989	7,313,261
42.3	Segment liabilities	4,005,462	3,138,241	54,462	52,920	-	-	4,059,924	3,191,161
	Unallocated liabilities							1,921,305	4,122,100
								5,981,229	7,313,261
42.4	Capital expenditure	-	-	-	-	-	-	-	-
	Unallocated							42,000	22,800
								42,000	22,800
42.5	Depreciation/amortisation	-	-	-	-	-	-	-	-
	Unallocated							26,570	24,143
								26,570	24,143

43 Remuneration of Chief Executive, Directors and Executives

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

	DIRECTORS					
	Chief Executive		Executive		Non-Executive	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)					
Managerial remuneration	7,600	7,600	2,851	2,851	5,154	4,587
House allowance	3,040	3,040	1,140	1,140	2,062	1,835
Utilities	760	760	285	285	515	459
Staff retirement benefit- Gratuity	950	950	356	356	690	652
Leave encashment	1,267	633	434	238	740	435
	<u>13,617</u>	<u>12,983</u>	<u>5,066</u>	<u>4,870</u>	<u>9,161</u>	<u>7,968</u>

44 Number of employees

	2019	2018
Total number of employees as at June 30	<u>231</u>	<u>236</u>
Average number of employees during the year	<u>234</u>	<u>265</u>

45 Date of authorization for issue

These consolidated financial statements were authorized for issue on _____ by the Board of Directors of the Group.

46 Corresponding figures

Corresponding figures have been re-arranged and re-classified for the purposes of comparison and better presentation as per the reporting framework as follows:

- Finance charge on foreign currency convertible bonds as disclosed in note 31 previously, has been reclassified to finance cost.

Norman R.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

**FORM OF PROXY**

The Company Secretary
Pace (Pakistan) Limited
2nd Floor, Pace Shopping Mall
Fortress Stadium, Lahore Cantt
Lahore

Folio No./CDC A/c No.: _____

Shares Held: _____

Option 1
Appointing other person as Proxy

I/we _____ S/o _____ D/o _____ W/o _____
CNIC _____ being the member(s) of Pace (Pakistan)
Limited hereby appoint Mr./Mrs./Ms./ _____ S/o _____ D/o _____ W/o _____
CNIC _____ or failing him / her Mr. / Mrs. Miss _____ S/o _____ D/o _____ W/o _____
CNIC _____ as my/our proxy to vote for me/us and on my/our
behalf at the Annual General meeting of the Company to be held on 28 October 2019 at 11:30 a.m. and at any adjournment
thereof.

Signed under my/our hands on this _____ day of _____, 2019

Affix Revenue Stamp of
Rupees Five

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

Option 2
E-voting as per the Companies (E-voting) Regulations, 2016

I/we _____ S/o _____ D/o _____ W/o _____ CNIC _____ being a member of Pace (Pakistan) Limited
holder of _____ Class _____ Ordinary share(s) as per Registered Folio No. _____ hereby opt for e-voting through
intermediary and hereby consent the appointment of execution officer _____ as proxy and will
exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured
email address is _____, please send login details, password and electronic signature through email.

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

Notes

1. A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
2. In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the Head Office of the Company 2nd and 3rd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.
 - a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen of nominees shall be produced (unless provided earlier) at the time of meeting.
 - b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Directors/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

.....
.....
.....

کمپنی سیکریٹری

پیس (پاکستان) لمیٹڈ

دوسری منزل، پیس شاپنگ مال،

فورٹریس سٹیڈیم، لاہور کیٹ، لاہور

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

..... میں/ہم..... ولد/زوجہ/بنت..... شناختی کارڈ

..... نمبر..... کے حامل پیس (پاکستان) لمیٹڈ کے رکن کی حیثیت سے

..... ولد/بنت/زوجہ..... شناختی کارڈ نمبر

..... کو اس کی ناکامی کی صورت میں.....

..... ولد/بنت/زوجہ..... شناختی کارڈ نمبر..... 28 اکتوبر 2019ء کو صبح 11:30 بجے

..... منعقد ہونے والے سالانہ اجلاس یا اس کے کسی بھی وقفہ میں عام میں اپنی/ہماری جگہ شرکت اور ووٹ کرنے کے لئے اپنا/ہمارا پراکسی مقرر کرتے ہیں۔

..... بتاریخ.....

..... زیر دستخطی.....

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

.....

گواہ 2 کے دستخط

گواہ 1 کے دستخط

دوسری وضع

کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت برقی ووٹنگ

..... میں/ہم..... ولد/زوجہ/بنت..... شناختی کارڈ

..... نمبر..... کے حامل پیس (پاکستان) لمیٹڈ کے رکن اور..... حصص، درجہ.....، فولیو نمبر

..... کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا چاہتے ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز

2016ء کے تحت ایگزیکوشن آفیسر..... کی پراکسی کے طور پر تقرری پر رضامندی کا اظہار کرتے ہیں۔ اس لئے ہم

قراردادوں پر پولنگ میں ووٹ کا مطالبہ کرتے ہیں۔ میرا محفوظ ای میل ایڈریس..... ہے برائے مہربانی لاگ ان کی تفصیلات،

پاس ورڈ اور برقی دستخط اس ای میل پر بھیج دیں۔

..... بتاریخ.....

..... زیر دستخطی.....

کی موجودگی میں دستخط کئے گئے

.....

گواہ 2 کے دستخط

گواہ 1 کے دستخط

(برائے مہربانی پشت پر نوٹس دیکھیں)

نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی مقرر کر سکتا ہے۔ توثیق کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے پہلے پراکسیز کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئیں۔
 2. جائز ہونے کی غرض سے، پراکسی کا دستاویز اور مختار نامہ یا اتھارٹی (اگر کوئی ہے) جسے کے ماتحت اس پر دستخط کئے گئے ہیں، یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے مرکزی دفتر واقع دوسری اور تیسری منزل، پیش شاہنگ مال، فورٹریس سٹیڈیم، لاہور کیٹ، لاہور میں پہنچ جانی چاہئیں۔ SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین ثالث بطور پراکسی کی جانب سے ایگزیکٹو آفیسر کی تعیناتی پر کمپنی کے اجلاس کے انعقاد سے 10 دن پہلے اپنی تحریری رضامندی سے مشروط برقی ووٹنگ کے ذریعے اپنا حق رائے دہی استعمال کر سکتے ہیں۔
- (a) CDC کے واحد بینی فیشیل مالک جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں، اپنی شراکت کی شناخت، اکاؤنٹ اور ذیلی اکاؤنٹ نمبر بمع اصلی CNIC یا پاسپورٹ دکھا کر اپنی شناخت کروائیں گے۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمع نامزدگان کے نمونہ کے دستخط (اگر یہ قبل ازیں فراہم نہ کیا گیا ہے) اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔
- (b) پراکسی کے تقرر کے لئے CDC کے انفرادی بینی فیشیل مالکان شراکت کے آئی ڈی، اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمع CNIC یا پاسپورٹ کی مصدقہ نقول کے مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔ دو گواہان اپنے نام، پتا اور CNIC نمبر کے ہمراہ پراکسی فارم کی توثیق کریں گے۔ اجلاس کے انعقاد کے وقت پراکسی اپنا اصلی CNIC یا پاسپورٹ پیش کریں گے۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانے ہوں گے۔