PACE (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30,2019

	Note	Unaudited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
600,000,000 (2019: 600,000,000)			
ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2019: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		273,265	273,265
Accumulated loss		(1,976,715)	(2,075,583)
		1,085,316	986,448
NON-CURRENT LIABILITIES			
Long term finances - secured	8.	50,645	49,810
Redeemable capital - secured (non-participatory)	9.	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	10.	-	-
Deferred liabilities		48,845	45,904
		99,490	95,714
CURRENT LIABILITIES			
Advances against sale of property		193,695	254,564
Current portion of long term liabilities		3,651,144	3,786,553
Creditors, accrued and other liabilities		720,906	677,555
Accrued finance cost		1,111,640	1,077,823
		5,677,385	5,796,495
CONTINGENCIES AND COMMITMENTS	11	-	-
		6,862,191	6,878,657

	Note	Unaudited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	462,131	468,464
Intangible assets		4,401	4,519
Investment property	13.	1,668,741	1,668,741
Long term investments	14.	850,321	850,321
Long term advances and deposits		13,619	13,619
Deferred taxation		-	-
		2,999,213	3,005,664
CURRENT ASSETS			
Stock-in-trade	15	2,817,666	2,790,226
Trade debts - unsecured		463,954	424,753
Advances, deposits, prepayments and other receivables		507,751	477,659
Income tax recoverable		-	14,962
Cash and bank balances		73,607	165,393
		3,862,978	3,872,993
		6,862,191	6,878,657

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		July to September	
		2019	**2018**
		(Rupees in thousand)	
Sales		**141,455**	107,173
Cost of sales		**(86,167)**	(91,376)
Gross profit		**55,288**	15,797
Administrative and selling expenses		**(27,791)**	(30,093)
Other income		**11,005**	8,857
Exchange Gain / (loss) on foreign currency convertible bond		**141,556**	(45,623)
Profit/(Loss) from operations		**180,058**	(51,062)
Finance costs		**(40,807)**	(27,541)
Profit / (loss) before tax		**139,251**	(78,603)
Taxation		**(40,383)**	(1,340)
Profit / (loss) for the year		**98,868**	(79,943)
Other comprehensive income/ (loss)			
Total comprehensive income / (loss) for the year		**98,868**	(79,943)
Earnings / (loss) per share attributable to ordinary shareholders			
- basic earnings / (loss) per share	Rupees	**0.35**	**(0.29)**

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	July to September	
		2019	**2019**
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	16.	**(86,650)**	(23,879)
Finance costs paid		**(8)**	72
Gratuity and leave encashment paid		**-**	(13)
Taxes paid		**(5,147)**	(5,836)
Net cash used in operating activities		**(91,805)**	(29,656)
Cash flow from investing activities			
Proceeds from sale of investment property		**-**	-
Markup received		**19**	9
Net cash generated from investing activities		**19**	9
Cash flow from financing activities			
Repayment of finance lease liabilities		**-**	-
Net decrease in cash and cash equivalents		**(91,786)**	**(29,647)**
Cash and cash equivalents at the beginning of the year		**165,393**	31,988
Cash and cash equivalents at the end of the year		**73,607**	2,341

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

1. Legal status and activities

Pace (Pakistan) Limited ('the Company') is a public limited Company incorporated in Pakistan and listed on Pakistan stock exchange. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan. The address of the registered office of the Company is 2nd floor Pace Mall, Fortress Stadium, Lahore.

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

2. Statement of Compliance

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

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board
ii) 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. Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 1,814.04 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 aid in the sale of inventory and utilize the resultant liquidity for completion and sale of its 'Pace Towers' Project.

The financial statements have been prepared on a going concern basis based on the management's expectations that:

- the Company will be able to settle loans against its properties; and
- the Company will be able to readily realize its receivables and inventory and be able to utilize the resultant

The financial statements consequently, do not include any adjustment relating to the realization of its assets and
The financial statements have been prepared on a going concern basis based on the management's expectations that:

- the Company will be able to obtain relaxations from its lenders as highlighted above;
- the Company will be able to settle loans against its properties; and
- the Company will be able to readily realize its receivables and inventory and be able to utilize the resultant liquidity for completion and sale of the 'Pace Towers' Project.

The financial statements consequently, do not include any adjustment relating to the realization of its assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

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 recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized 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 recognized 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 recognize 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 recognized 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 recognized 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.

4.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing 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, recognized 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 amortized 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.

Financial assets	Original	New	Original carrying	New carrying
Trade debts	Loans and	Amortized cost	463.954	463.954
Advances, deposits, prepayments	Loans and	Amortized cost	507.751	507.751
Cash and bank	Loans and	Amortized cost	73.607	73.607
			1 045 312	1 045 312

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 amortized 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

- 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

- 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 amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows

- 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

- 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

- 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

- 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

- 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

  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

- 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.

- 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

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. Taxation

The provision for taxation for the quarter ended September 30, 2019 has been made on an estimated basis.

7. Estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements for the period ended September 30, 2019 with the exemption of changes in estimates that are required in determining the provision for income taxes as referred to in Note 6.

	Note	**Un-Audited September 30, 2019**	Audited June 30, 2019
		(Rupees in thousand)	
8. Long term finances - secured			
Pak Iran Loan	8.1	**59,003**	58,168
Soneri Bank - demand finance	8.2	**19,043**	19,043
		78,046	77,211
Less: Current portion shown under current liabilities		**(27,401)**	(27,401)
		50,645	49,810

8.1 Mark-up on Pak Iran

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.

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 installments. Amortized cost has been determined using effective interest rate of 6% per annum. Movement is as follows:

	--- (Rupees in thousand) ---	
As at beginning	**58,168**	54,132
Add: Amortized during the period	**836**	4,036
As at end	**59,003**	58,168

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.

8.2 Soneri Bank - demand finance

Terms of repayment

During the year ended June 30, 2018, the Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Company was required to pay Rs 30.913 million in 12 installments for settlement of entire principal amounting to Rs 27.422 million along with the accrued mark-up amounting to Rs 17.872 million. The first installment was due to be paid on May 31, 2018 amounting to Rs 3.079 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 17.872 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 installments 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 50.000 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.

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
9. Redeemable capital - secured (non-participatory)			
Term finance certificates		**935,571**	935,571
Less: Current portion shown under current liabilities	9.1	**(935,571)**	(935,571)
		-	-

9.1 Terms of repayment

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 September 27, 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 August 15, 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (June 2018: 6 months KIBOR plus 2%) and is payable semi-annually in arrears. The Company could not repay on a timely basis, the installments 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 Company is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

9.2 Security

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.

9.3 Settlement with Askari Bank Limited

On February 07, 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 at 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 June 30, 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	**Un-Audited September 30, 2019**	Audited June 30, 2019
10. Foreign currency convertible bonds - unsecured		**(Rupees in thousand)**	
Opening balance		**2,805,535**	2,054,739
Markup accrued during the year		**6,146**	25,892
		2,811,681	2,080,631
Exchange (gain) / loss for the year		**(141,556)**	724,904
		2,670,125	2,805,535
Less: Current portion shown under current liabilities	10.1	**(2,670,125)**	(2,805,535)
		-	-

10.1 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.

11 Contingencies and commitments

11.1 Contingencies

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

11.1.2 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.

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.

11.1.3 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.

11.1.4 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.

11.1.5 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 had entered into a finance lease arrangement in June 2009 with the Company for three years and as per agreement the Company was required to make monthly payments. The plaintiff claimed that the Company failed to make its due payments in timely manner, in addition to that there were last six payments unpaid of additional lease rent. Consequently, the plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff.

Hearing is open to arguments for both petitioners before the respective Honorable Courts. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim however being prudent the Company has already made the provision for the amount claimed.

11.2 Commitments

11.2.1 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).

11.2.2 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.

11.2.3 The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2019	2018
	--- (Rupees in thousand) ---	
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
	737,365	752,132

		Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	

12 Property, plant and equipment

Operating fixed assets		**433,324**	439,657
Capital work-in-progress		**28,807**	28,807
		462,131	468,464

12.1 Operating fixed assets

Book value at beginning of the period / year		**439,657**	423,711
Add:			
- Additions during the period / year	12.2	**-**	42,000
		-	42,000
			-
		439,657	465,711
Less:			
- Disposals during the period / year - at book value		**-**	-
- Depreciation charged during the period / year		**6,333**	26,054
		6,333	26,054
Book value at end of the period / year		**433,324**	439,657

12.2 Additions during the period / year

Operating fixed assets	**-**	42,000
	-	42,000

	Un-Audited September 30, 2019	Audited June 30, 2019
13. Investment property	(Rupees in thousand)	
Opening value	**1,668,741**	1,662,942
Closing value before revaluation as at June 30	**1,668,741**	1,662,942
Fair value gain recognized in profit and loss account	**-**	5,799
Fair value as at September 30	**1,668,741**	1,668,741

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
14. Long term investments			
Equity instruments of:			
- subsidiaries - unquoted	14.1	**91,670**	91,670
- associate - unquoted	14.2	**758,651**	758,651
		850,321	850,321

14.1 Subsidiaries - unquoted

Pace Woodlands (Private) Limited		
3,000 (June 2019: 3,000) fully paid ordinary shares of Rs 10 each	**30**	30
Equity held 52% (June 2019: 52%)		
Pace Super Mall (Private) Limited		
9,161,528 (June 2019: 9,161,528) fully paid ordinary shares of Rs 10 each	**91,615**	91,615
Equity held 57% (June 2019: 57%)		
Pace Gujrat (Private) Limited		
2,450 (June 2019: 2,450) fully paid ordinary shares of Rs 10 each	**25**	25
Equity held 100% (June 2019: 100%)		
	91,670	91,670

14.2 Associate - unquoted

Pace Barka Properties Limited		
75,875,000 (June 2019: 75,875,000) fully paid ordinary shares of Rs 10 each	**758,651**	758,651
Equity held 24.9% (June 2019: 24.9%)		

	Un-Audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
15 Stock-in-trade		
Work in process - Pace Towers	**601,824**	600,317
Shops and houses	**1,502,878**	1,480,518
Pace Barka Properties Limited - Pace Circle	**690,704**	687,054
Pace Super Mall (Private) Limited	**21,600**	21,600
	2,817,006	2,789,489
Stores inventory	**660**	737
	2,817,666	2,790,226

	Note	July to September 2019	2018
		(Rupees in thousand)	
16. Cash generated from operations			
Profit / (loss) before tax		**139,251**	(78,603)
Adjustment for:			
Exchange loss / (gain) on foreign currency convertible bonds	10	**(141,556)**	45,623
Provision for gratuity and leave encashment		**2,941**	2,509
Depreciation on:			
- owned assets	12.1	**6,333**	5,813
- assets subject to finance lease			
Amortization on intangible assets		**113**	126
Markup income		**(20)**	(10)
Finance costs		**40,807**	27,541
Profit before working capital changes		**47,869**	3,000
Effect on cash flow due to working capital changes:			
Increase in stock-in-trade		**(25,000)**	(206,154)
Decrease / (increase) in trade debts		**(39,201)**	100,078
Decrease in advances, deposits and other receivables		**-**	-
		(32,548)	78,725
Net (decrease) / increase in advances against sale of property		**(60,869)**	-
Increase in creditors, accrued and other liabilities		**23,099**	472
		(134,519)	**(26,879)**
		(86,650)	(23,879)

17. Financial risk management

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

17.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Management monitors the forecasts of the Company’s cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 3.

17.3 Fair value estimation

The fair value of investment property was determined by external, independent property valuer KG Traders, having appropriate recognized 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 September 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				-
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 June 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	132,925	-	132,925
Buildings	-	-	**1,535,816**	1,535,816
	-	132,925	**1,535,816**	1,668,741

Valuation inputs and relationship to fair value

The following table summarizes 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.

18. Transactions with related parties

		Un-Audited	
		September 30, 2019	September 30, 2018
Relationship with the Company	**Nature of transactions**	**(Rupees in thousand)**	
i. Associate	Guarantee commission income	**309**	309
	Receipts against Pace circle sales	**-**	-
ii. Others	Purchase of goods & services	**-**	-
	Rental income	**3,891**	3,537
	Advance against Construction of Pace Towers	**19,309**	17,100
	Period end balances		
	Receivable from related parties	**4,066**	**3,396**

All transactions with related parties have been carried out on mutually agreed terms and conditions.

19. Date of authorization

These financial statements were authorized for issue on ____________, 2019 by the board of directors of the Company.

20. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR PERIOD ENDED SEPTEMBER 30, 2019

	Share Capital	Reserves		Accumulated Loss	Total
		Share Premium Reserve	Reserve for changes in fair value of investments		
	--(Rupees in thousand)--				
Balance as on June 30, 2018	2,788,766	273,265	-	(1,149,285)	1,912,746
Total comprehensive income for the year					
Profit for the year	-	-	-	(929,252)	(929,252)
Other comprehensive loss for the year:					-
Remeasurement of net defined benefit					-
liability net of tax	-	-	-	2,954	2,954
Changes in fair value of					-
available for sale investments	-	-	-	-	-
	-	-		(926,298)	(926,298)
Transferred to profit and loss account on disposal of investments			-		-
Balance as on June 30, 2019	**2,788,766**	**273,265**	**-**	**(2,075,583)**	**986,448**
		-			
Total comprehensive loss for the Period					
Loss for the year	-	-	-	98,868	98,868
Other comprehensive income for the year:					
Remeasurement of net defined benefit					
liability net of tax	-	-	-	-	-
Changes in fair value of					
available for sale investments	-	-	-	-	-
	-	-	-	98,868	98,868
Balance as on September 30, 2019	**2,788,766**	**273,265**	**-**	**(1,976,715)**	**1,085,316**

The annexed notes from 1 to 20 form an integral part of these financial statements.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) GROUP
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30,2019

	Note	Unaudited September 30, 2018	Audited June 30, 2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
600,000,000 (2019: 600,000,000)			
ordinary shares of Rs 10 each		6,000,000	6,000,000
Issued, subscribed and paid up capital			
278,876,604 (2019: 278,876,604)			
ordinary shares of Rs 10 each		2,788,766	2,788,766
Reserves		287,307	287,307
Accumulated loss		(1,582,633)	(1,682,343)
		1,493,440	1,393,730
NON-CONTROLLING INTEREST		87,030	87,030
		1,580,470	1,480,760
NON-CURRENT LIABILITIES			
Long term finances - secured	8	50,645	49,810
Redeemable capital - secured (non-participatory)	9	-	-
Liabilities against assets subject to finance lease		-	-
Foreign currency convertible bonds - unsecured	10	-	-
Deferred liabilities		48,845	45,904
Deferred taxation		51,685	51,045
		151,175	146,759
CURRENT LIABILITIES			
Advances against sale of property		194,695	255,564
Current portion of long term liabilities		3,651,143	3,786,553
Creditors, accrued and other liabilities		757,880	714,530
Accrued finance cost		1,111,639	1,077,823
		5,715,357	5,834,470
CONTINGENCIES AND COMMITMENTS	11	-	-
		7,447,002	7,461,989

	Note	Unaudited September 30, 2018	Audited June 30, 2019
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	462,132	468,464
Intangible assets		4,401	4,519
Investment property	13	1,668,741	1,668,741
Long term investments	14	1,103,215	1,098,948
Long term advances and deposits		15,248	15,248
		3,253,737	3,255,920
CURRENT ASSETS			
Stock-in-trade	15	3,150,666	3,123,226
Trade debts - unsecured		461,165	424,753
Advances, deposits, prepayments and other receivables		507,751	477,659
Income tax recoverable		53	15,015
Cash and bank balances		73,630	165,416
		4,193,265	4,206,069
		7,447,002	7,461,989

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

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Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		July to September	
		2019	**2018**
		(Rupees in thousand)	
Sales		**141,455**	107,173
Cost of sales		**(86,167)**	(91,376)
Gross profit		**55,288**	15,797
Administrative and selling expenses		**(27,792)**	(30,093)
Other income		**11,005**	8,857
Exchange Gain / (loss) on foreign currency convertible bond		**141,556**	(45,623)
Profit/(Loss) from operations		**180,057**	(51,062)
Finance costs		**(40,807)**	(27,540)
Share of (loss) / profit from associate - net of tax		**4,267**	(7,243)
Profit / (loss) before tax		**143,517**	(85,845)
Taxation		**(43,808)**	(1,082)
Profit / (loss) for the year		**99,709**	(86,927)
Total comprehensive income / (loss) for the year		**99,709**	(86,927)
Attributable to:			
Equity holders of the parent		**99,709**	(86,927)
Non-controlling interest		**-**	-
		99,709	(86,927)
Earnings / (loss) per share attributable to ordinary shareholders			
- basic earnings / (loss) per share	Rupees	**0.36**	(0.31)

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) GROUP

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	13	**(78,166)**	(23,920)
Finance costs paid		**(8,491)**	72
Gratuity and leave encashment paid		**-**	13
Taxes paid		**(5,148)**	(5,822)
Net cash used in operating activities		**(91,805)**	(29,657)
Cash flow from investing activities			
Purchase of property, plant and equipment		**-**	-
Proceeds from sale of property, plant and equipment		**-**	-
Proceeds from sale of investment property		**-**	-
Markup received		**19**	10
Net cash generated from investing activities		**19**	10
Cash flow from financing activities			
Net decrease in cash and cash equivalents		**(91,786)**	(29,647)
Cash and cash equivalents at the beginning of the year		**165,416**	32,100
Cash and cash equivalents at the end of the year		**73,630**	2,453

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Executive **Chief Financial Officer** **Director**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

1. Legal status and activities

1.1 Constitution and ownership

The consolidated financial statements of Pace (Pakistan) Group comprise of the financial statements of:

Pace (Pakistan) Limited

Pace (Pakistan) Limited (the "Holding Company") is a public limited Company incorporated in Pakistan and listed on Pakistan stock exchange. The object of the Company is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan. The address of the registered office of the holding Company is 2nd floor Pace Mall, Fortress Stadium, Lahore.

Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary) was incorporated on July 8, 2005 as a private limited Company under Companies Ordinance, 1984. The object 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. It is a wholly owned Company of Pace (Pakistan) Limited.

Pace Woodlands (Private) Limited

Pace Woodlands (Private) Limited (a subsidiary) was incorporated on July 27, 2004 as a private limited Company under Companies Ordinance, 1984. The object 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.

Pace Supermall (Private) Limited

Pace Supermall (Private) Limited (a subsidiary) was incorporated on March 27, 2003 as a private limited Company under Companies Ordinance 1984. The object 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.

1.2 Activities of the Group

The object of the Group is to build, acquire, manage and sell condominiums, departmental stores, shopping plazas, super markets, utility stores, housing societies and to carry out commercial, industrial and other related activities in and out of Pakistan.

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. Going concern assumption

As at the reporting date, the current liabilities of the Group have exceeded its current assets by Rs 1522.092 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 realise 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 of the holding Company however, is continuously engaged with its lenders for settlements of its borrowings. During the current year the management has settled the outstanding amount of TFCs towards Pak Oman Investment Company and Wireless and Cable Limited against property situated at Pace Towers and Pace Woodlands as mentioned in notes 6 and 7 respectively. Similarly, the management has also settled the outstanding amount of its short term running finance facility due towards Pair Investment Company Limited against property at Pace Towers.

The management of the Holding Company is confident that the above actions and steps shall aid the sale of inventory from the completed projects referred above and utilise the resultant liquidity for completion and sale of its 'Pace Towers' Project.

The consolidated financial statements have been prepared on a going concern basis based on the management's expectations that:

- the Group will be able to settle loans against its properties; and
- the Group will be able to readily realise its receivables and inventory and be able to utilise the resultant liquidity for completion and sale of the 'Pace Towers' project.

The consolidated financial statements consequently, do not include any adjustment relating to the realisation of its assets and liquidation of liabilities that might be necessary should the Group be unable to continue as a going concern.

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 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.

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.

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.

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Trade debts	Loans and receivables	Amortised cost	461,165	461,165
Advances, deposits, prepayments and other receivables	Loans and receivables	Amortised cost	507,751	507,751
Cash and bank balances	Loans and receivables	Amortised cost	73,630	73,630
			1,042,546	1,042,546

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 Requiren

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.

- 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.

- 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.
- 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.

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. Taxation

The provision for taxation for the quarter ended september 30, 2019 has been made on an estimated basis.

7. Estimates

The preparation of condensed interim finacial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertianty were the same as those that aaplied to financial statements for the period ended September 30, 2019 with the exemption of changes in estimates that are required in determining the provision for income taxes as referred to in Note 6.

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
8 Long term finances - secured			
Pak Iran Loan	8.1	**59003**	58,168
Soneri Bank - demand finance	8.2	**19,043**	19,043
		78,046	77,211
Less: Current portion shown under current liabilities		**(27,401)**	(27,401)
		50,645	49,810

8.1 Mark-up on Pak Iran

On December 28, 2016, Pak Iran Joint Investment Company ('PAIR') and the Holding 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 Towers 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 Holding Company. Pursuant to the SA, on December 28, 2016, the Holding Company and PAIR executed sale deed and possession of the property was handed over to PAIR. The Holding 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.

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 December 28, 2016 after expiry of moratorium period of 3 years, in 16 quarterly instalments.

8.2 Soneri Bank - demand finance

Terms of repayment

During the year ended June 30, 2018, the Holding Company entered into a restructuring agreement with Soneri Bank Limited, whereby, the Holding Company was required to pay Rs 30.913 million in 12 instalments for settlement of entire principal amounting to Rs 27.422 million along with the accrued mark-up amounting to Rs 17.872 million. The first instalment was due to be paid on May 31, 2018 amounting to Rs 3.079 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 17.872 million is repayable on demand and classified as current liabilities under the guidance contained in IAS 1 " Presentation of Financial Statements".

8.3 Security

This facility is secured against a charge amounting to the sum of Rs 50.000 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.

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
9. Redeemable capital - secured (non-participatory)			
Term finance certificates		**935,571**	935,571
Less: Current portion shown under current liabilities	9.1	**(935,571)**	(935,571)
		-	-

9.1 Terms of repayment

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 September 27, 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 August 15, 2010. The TFC's carry a mark-up of 6 months KIBOR plus 2% (June 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, therefore, the entire outstanding amount has been classified as a current liability under guidance contained in IAS 1 " Presentation of Financial Statements". The Group is in negotiation with the TFC holders and the trustee for relaxation in payment terms and certain other covenants.

9.2 Security

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the Holding 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.

9.3 Settlement with Pak Oman Investment Company Limited

On October 15, 2016 Pak Oman Investment Company limited ('POICL') and the Holding Company entered into a Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by POICL along with their accrued markup aggregating to Rs 503.981 million against offices situated at upper ground floor and lower ground floor measuring 17,337 square feet. In accordance with the SA, POICL purchased the aforementioned offices at Rs 300.789 million and waived accrued markup of Rs 203.192 million. Pursuant to the SA, on October 15, 2016 the Company and POICL executed sale deed, wherein possession of the property was handed over to POICL.

9.4 Settlement with Wireless and Cable Limited

On February 16, 2017 Wireless and Cable Limited ('WCL') and the Holding Company entered into a Debt Asset Swap / Liabilities Settlement Agreement ('SA') for full and final settlement of outstanding amount of TFCs held by WCL along with their accrued markup aggregating to Rs 122.161 million against 4 houses situated at Pace Woodlands measuring 10,896 square feet. In accordance with the SA, WCL purchased the aforementioned houses at Rs 45.0 million, waived accrued markup of Rs 46.253 million and the remaining outstanding amount of Rs 30.908 million has been adjusted with the receivable from the Holding Company. Pursuant to the SA, on February 16, 2017 the Company and WCL executed sale deed, wherein possession of the property was handed over to WCL.

9.5 Settlement with Askari Bank Limited

On February 07, 2018, Askari Bank Limited (‘Bank’) and the Holding 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 at 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 June 30, 2018. 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 consolidated financial statements.

	Note	**Un-Audited September 30, 2019**	Audited June 30, 2019
10. Foreign currency convertible bonds - unsecured		**(Rupees in thousand)**	
Opening balance		**2,805,535**	2,054,739
Markup accrued during the year		**6,146**	25,892
		2,811,681	2,080,631
Exchange loss for the year		**(141,556)**	724,904
		2,670,125	2,805,535
Less: Current portion shown under current liabilities	**10.1**	**(2,670,125)**	(2,805,535)
		-	-

10.1 The Holding Company issued 25,000 convertible bonds of USD 1,000 each on January 9, 2008 amounting to USD 25 million. The foreign currency convertible bonds (FCCB) were listed on the Singapore Stock Exchange and became redeemable on December 28, 2012 at the accreted principal amount. The bonds carry a markup of 5.5% per annum, compounded semi-annually, accretive (up till December 28, 2012) and cash interest of 1% per annum to be paid in arrears. The holders of the bonds have an option to convert the bonds into equity shares of the Holding Company at any time following the issue date at a price calculated as per terms of arrangement. In aggregate USD 13 million bond have been converted into ordinary shares as at June 30, 2019.

As the fair value calculated for the embedded foreign exchange equity derivate and the financial instrument is quite subjective and cannot be measured reliably, consequently the bond has been carried at cost and includes accreted markup. Furthurmore, changes arising due to currency fluctuations are recognized directly in the profit & loss account.

11 Contingencies and commitments

11.1 Contingencies

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

11.1.2 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.

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.

11.1.3 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.

11.1.4 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.

11.1.5 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 had entered into a finance lease arrangement in June 2009 with the Company for three years and as per agreement the Company was required to make monthly payments. The plaintiff claimed that the Company failed to make its due payments in timely manner, in addition to that there were last six payments unpaid of additional lease rent. Consequently, the plaintiff filed a suit claiming an amount of Rs. 47.10 million on account of loss in business of the plaintiff.

Hearing is open to arguments for both petitioners before the respective Honorable Courts. As per legal advisors of the Company there are meritorious grounds to defend the Company's claim however being prudent the Company has already made the provision for the amount claimed.

11.2 Commitments

11.2.1 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).

11.2.2 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.

11.2.3 The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2019	2018
	--- (Rupees in thousand) ---	
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
	737,365	752,132

		Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
12 Property, plant and equipment			
Operating fixed assets	12.1	**433,324**	439,657
Capital work-in-progress		**28,807**	28,807
		462,131	468,464
12.1 Operating fixed assets			
Book value at beginning of the period / year		**439,657**	423,711
Add:			
- Additions during the period / year	12.2	-	42,000
		-	42,000
		439,657	465,711
Less:			
- Disposals during the period / year - at book value		-	-
- Depreciation charged during the period / year		**6,333**	26,054
		6,333	26,054
Book value at end of the period / year		**433,324**	439,657
12.2 Additions during the period / year			
Operating fixed assets		-	42,000
		-	42,000

	September 30, 2019	June 30, 2019
13. Investment property	(Rupees in thousand)	
Opening value	**1,668,741**	1,662,942
- Settlement against loan	-	
- Disposal of investment property	-	-
Closing value before revaluation as at June 30	**1,668,741**	1,662,942
Fair value gain recognised in profit and loss account	-	5,799
Fair value as at September 30	**1,668,741**	1,668,741

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
		(Rupees in thousand)	
14. Long term investments			
Associate - unquoted			
Pace Barka Properties Limited			
75,875,000 (June 2019: 75,875,000) fully paid			
ordinary shares of Rs 10 each			
Equity held 24.9% (June 2018: 24.9%)	14.1	1,103,215	1,098,948
		1,103,215	1,098,948

	Un-Audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	

14.1 Associate - unquoted

	Un-Audited September 30, 2019	Audited June 30, 2019
Cost	758,651	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in profit and loss account	340,297	367,795
	1,098,948	1,126,446
Share of movement in reserves during the year	-	-
Share of (Loss) / profit for the year		
- before taxation	5,236	(14,212)
- provision for taxation	(969)	(13,286)
	4,267	(27,498)
Balance as on September 30	1,103,215	1,098,948

15 Stock-in-trade

	Un-Audited September 30, 2019	Audited June 30, 2019
	(Rupees in thousand)	
Work in process - Pace Towers	**601,824**	600,317
Shops and houses	**1,502,878**	1,480,518
Pace Barka Properties Limited - Pace Circle	**690,704**	687,054
Pace Super Mall (Private) Limited	**354,600**	354,600
	3,150,006	3,122,489
Stores inventory	**660**	737
	3,150,666	3,123,226

16. Cash generated from operations

	Note	July to September 2019	July to September 2018
		(Rupees in thousand)	
Profit / (loss) before tax		**143,517**	143,517
Adjustment for:			
Exchange gain on foreign currency convertible bonds	7	**(141,556)**	45,623
Provision for gratuity and leave encashment		**2,941**	2,509
Depreciation on:			
- owned assets	9.1	**6,334**	5,813
- assets subject to finance lease		**-**	-
Amortisation on intangible assets		**113**	126
Markup waived off		**-**	-
Share of profit from associate		**4,267**	7,243
Markup income		**(19)**	(10)
Finance costs		**40,807**	27,541
Loss before working capital changes		**56,404**	232,362
Effect on cash flow due to working capital changes:			
Increase in stock-in-trade		**(27,440)**	(206,154)
Decrease / (increase) in trade debts		**(36,411)**	100,037
Decrease in advances, deposits and other receivables		**(53,200)**	78,725
Net (decrease) / increase in advances against sale of property		**(60,869)**	-
Increase in creditors, accrued and other liabilities		**43,350**	472
		(134,570)	(26,920)
		(78,166)	205,442

17. Detail of subsidiaries

	Accounting year end	Percentage of holding	Country of Incorporation
Quarter ended September 30, 2019			
Pace Woodlands (Private) Limited	30-Sep-19	52%	Pakistan
Pace Gujrat (Private) Limited	30-Sep-19	100%	Pakistan
Pace Supermall (Private) Limited	30-Sep-19	57%	Pakistan
Year ended June 30, 2019			
Pace Woodlands (Private) Limited	30-Jun-19	52%	Pakistan
Pace Gujrat (Private) Limited	30-Jun-19	100%	Pakistan
Pace Supermall (Private) Limited	30-Jun-19	57%	Pakistan
Pace Supermall (Private) Limited			

18. Financial risk management

18.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

18.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Management monitors the forecasts of the Group’s cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. During the year the Company remained under severe liquidity pressure as mentioned in note 3.

18.3 Fair value estimation

The fair value of investment property was determined by external, independent property valuer KG Traders, having appropriate recognized 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 September 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				-
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 June 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurement of Available for sale financial assets	-	-	-	-
Recurring fair value measurement of Investment property:				
Freehold land	-	132,925	-	132,925
Buildings	-	-	**1,535,816**	1,535,816
	-	132,925	**1,535,816**	1,668,741

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in

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

19. Transactions with related parties

		Un-Audited	
		September 30, 2019	September 30, 2018
		(Rupees in thousand)	
Relationship with the Company	**Nature of transactions**		
i. Associate	Guarantee commission income	**309**	309
	Receipts against Pace circle sales	**-**	-
ii. Others	Purchase of goods & services	**-**	-
	Rental income	**3,891**	3,537
	Advance against Construction of Pace Towers	**19,309**	17,100
	Period end balances		
	Receivable from related parties	**4,066**	3,396

All transactions with related parties have been carried out on mutually agreed terms and conditions.

20. Date of authorisation

These financial statements were authorised for issue on ___________ ,2019 by the board of directors of the Holding Company.

21. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangements have been made.

Chief Executive **Chief Financial Officer** **Director**

PACE (PAKISTAN) LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Attributable to equity holders of the parent						Non-Controlling Interest	Total Equity
		Reserves						
	Share capital	Share premium Reserve	Reserve for changes in fair value of investments	Share in reserves of associate	Accumulated loss	Total		
	(Rupees in thousand)							
Balance as on June 30, 2018	**2,788,766**	**273,265**	**-**	**14,042**	**(742,390)**	**2,333,683**	**87,224**	**2,420,907**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	(942,907)	(942,907)	(194)	(943,101)
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	2,954	2,954	-	2,954
Changes in fair value of available for sale investments - net of tax	-	-	-	-	-	-	-	-
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	(939,953)	(939,953)	(194)	(940,147)
			-			-		-
Balance as on June 30, 2019	**2,788,766**	**273,265**	**-**	**14,042**	**(1,682,343)**	**1,393,730**	**87,030**	**1,480,760**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	99,709	99,709	-	99,709
Other comprehensive income / (loss) for the year:								
Remeasurement of net defined benefit liability - net of tax	-	-	-	-	-	-	-	-
Changes in fair value of available for sale investments - net of tax	-	-	-	-	-	-	-	-
Share of other comprehensive income / reserves of associate - net of tax	-	-	-	-	-	-	-	-
	-	-	-	-	99,709	99,709	-	99,709
Balance as on September 30, 2019	**2,788,766**	**273,265**	**-**	**14,042**	**(1,582,633)**	**1,493,440**	**87,030**	**1,580,470**

The annexed notes from 1 to 21 form an integral part of these consolidated financial statements.

Chief Executive **Chief Financial Officer** **Director**