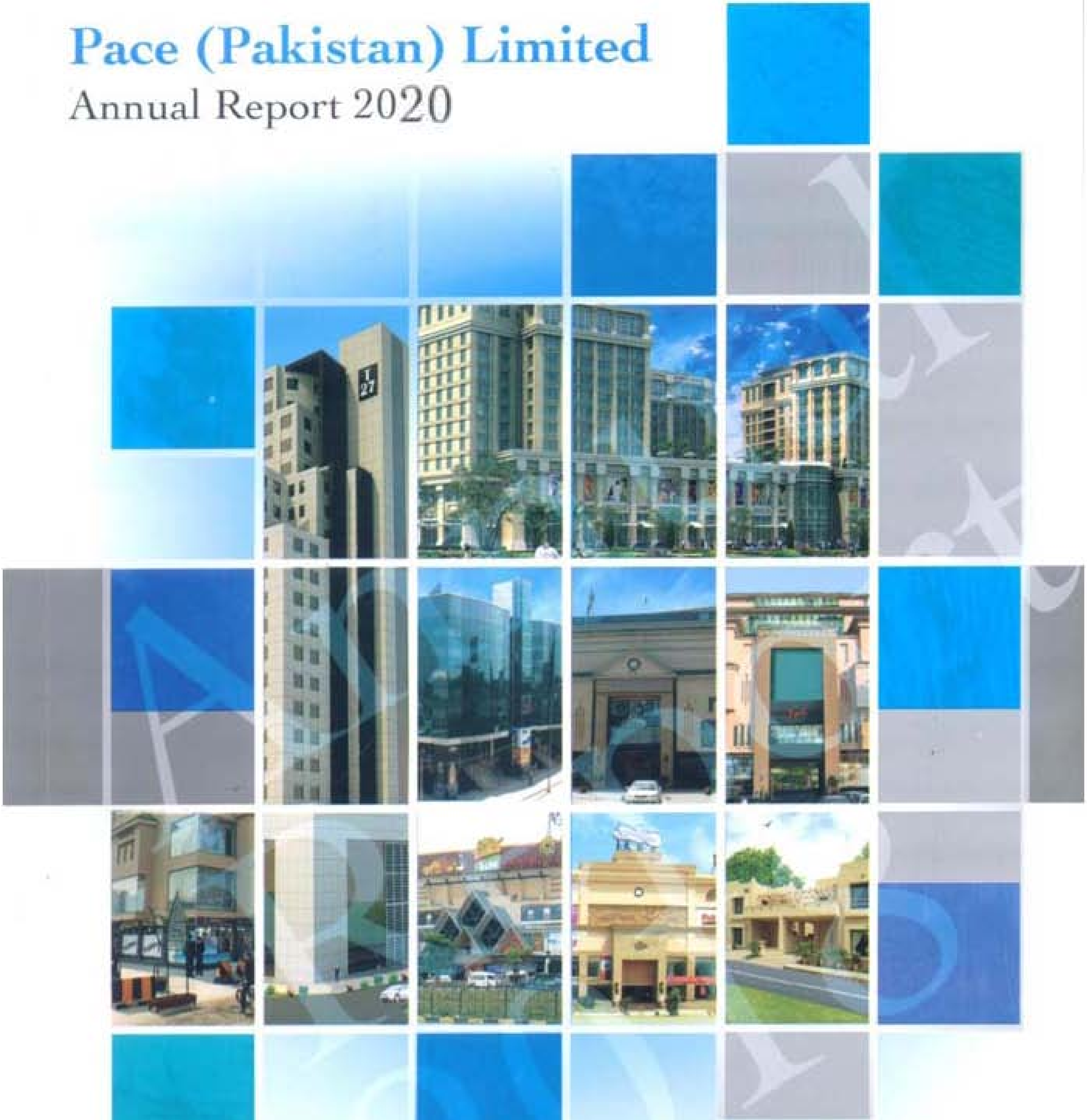
Pace (Pakistan) Limited

Annual Report 2020



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.

Pace (Pakistan) Limited

Company Information

Board of Directors

Shehryar Ali Taseer (Chairman)	Non-Executive
Aamna Taseer (CEO)	Executive
Shahbaz Ali Taseer	Executive
Shehrbano Taseer	Non-Executive
Mian Ehsan Ul Haq	Non-Executive
Kanwar Latafat Ali Khan	Independent
Shavez Ahmad	Independent

Chief Financial Officer	Amir Hafeez
Audit Committee	Shavez Ahmad (Chairman) Mian Ehsan Ul Haq Kanwar Latfat Ali Khan
Human Resource and Remuneration (HR&R) Committee	Shavez Ahmad (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

PACE (PAKISTN) LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Shareholders of Pace (Pakistan) Limited ("the Company" or "Pace") will be held on Wednesday 28 October 2020 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 Extraordinary General Meeting held on 02 May 2020;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2020 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 2021 and to fix their remuneration;

By order of the Board

Sajjad

Sajjad Ahmad
Company Secretary

Lahore:
07 October 2020

Notes:-

1) The Members Register will remain closed from 21 October 2020 to 28 October 2020 (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, 2020 will be treated 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 not later than 48 hours before the time for holding the meeting.

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 Company's Registered Office, 2nd Floor, Pace Shopping Mall, Fortress Stadium, Lahore Cantt. Lahore, not less than 48 hours before the time of the meeting.

4) Pursuant to Companies (Postal Ballot) Regulations, 2018, the shareholders will be allowed to exercise their right to vote through postal ballot for election of directors

5) Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting.

The demand for video-link facility shall be received by the Share Registrar of the Company or directly to the Company at the email address given herein blow at least 7 (seven) days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: www.pacepakistan.com

Further, Securities & Exchange Commission of Pakistan vide its Circular No.5 dated March 17, 2020, has directed the listed companies to modify their usual planning for Annual General Meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID -19 situation.

Accordingly, the shareholders of the Company can opt to attend the meeting through Video/Webex. The shareholders whose names appear in the Books of the Company by the close of business on 20 October 2020 and who are interested to attend AGM through online platform are hereby requested to get themselves, registered with the Company Secretary Office by providing the following details at least 7 (seven) days prior before the meeting;

Email; jawahar@pacepakistan.com, asattar@pacepakistan.com,
WhatsApp Number 0302-8440935, 0301-8449940

Please mention your Name, CNIC No, Folio / CDC A/C No & Number of shares for your identification.

Upon receipt of the above information from interested shareholders, the Company will send the login details / password at their email addresses. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The members can also send their comments/suggestions related to the agenda items of the meeting on the above mentioned email and Whats App number .The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting.

6) Address of Independent Share Registrar of the Company: Name : **Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, (042) 35839182**

7) The Notice of Annual General Meeting has been placed on the Company's website: www.pacepakistan.com

8) 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 signatures 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 Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

9) Members are requested to notify any change in their registered address immediately;

STATUS OF INVESTMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

The Shareholders of the Company in their Annual General Meeting held on 28 October 2019 given their approval to the Company and authorized to the Chief Executive of the Company to take all necessary steps to make equity in the Share Capital of Ever Green Water Valley (Pvt.) Limited ("EGWV") 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 as to be authorized by the Board of Directors of the Company.

It was approved by the Shareholders that the Company shall acquire the entire Shareholding of EGWV at a fair value on the date of acquisition to be determined in accordance with law. Please note that no investment has been made till the date of notice of meeting in EGWV. Further, as of date of the notice of annual general meeting no fair value has been determined by the both parties i.e. buyer and the seller due to some material changes in the financial statements of EGWV. The change in the financial statements of EGWV as at 30 June 2020 as compare to last year is as under:

	2020	**2019 PKR in Million**
Share Capital & Reserves	3.450	51.383
Non-Current Liabilities	257.967	326.235
Current Liabilities	628.644	507.240
Non-Current assets	299.083	299.607
Current Assets	590.978	585.252
Gross Loss for year	(47.933)	(30.230)
EPS	(67.00)	(42.26)

INSPECTION OF DOCUMENTS

Copies of the Memorandum and Articles of Association, latest pattern of shareholding and variation in shareholding of the shareholders, having 10% or more in the Company during the last six months, financial statements of EGWV, financial projections/plan of the Company, audited annual accounts for the last three years, all other related information of the Company may be inspected during the business hours at the Registered Office of the Company form 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.

نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ پیس (پاکستان) لمیٹڈ (''کمپنی'' یا ''پیس'') کے شیئر ہولڈرز کا 29واں سالانہ اجلاس عام مؤرخہ 28 اکتوبر 2020ء بروز بدھ بوقت 11:30 بجے دن کمپنی کے رجسٹرڈ دفتر واقع دوسری منزل پیس شاپنگ مال، فورٹریس سٹیڈیم لاہور کینٹ، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور:

1. 02 مئی 2020ء کو منعقدہ غیر معمولی اجلاس عام کی روئیداد کی توثیق کرنا۔
2. 30 جون 2020ء کو اختتام پذیر سال کے لئے چیئرمین کی جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز رپورٹ کے ہمراہ کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کو وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
3. 30 جون 2021 کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا معاوضہ طے کرنا۔

بحکم بورڈ

سجاد احمد

کمپنی سیکریٹری

لاہور

06 اکتوبر 2020ء

مندرجات:

1) اراکین کا رجسٹر 21 اکتوبر 2020ء سے 28 اکتوبر 2020ء (بشمول دونوں ایام) تک بند رہے گا۔ 20 اکتوبر 2020ء کو کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور، کمپنی کے رجسٹرار اور شیئر ٹرانسفر آفس کو کاروباری اوقات کار بند ہونے تک موصول ٹرانسفرز کو سالانہ اجلاس عام کے لئے بروقت تصور کیا جائے گا۔

(2) اجلاس میں شرکت اور رائے شماری کرنے کا اہل رکن اپنی جگہ اجلاس میں شرکت اور رائے شماری کرنے کے لئے کسی دوسرے رکن کو اپنا پراکسی مقرر کرسکتا ہے۔ مؤثر کرنے کے لئے اجلاس کے انعقاد سے 48 گھنٹے قبل پراکسیز کمپنی کے رجسٹرڈ آفس کو موصول ہو جانی چاہئیں۔

(3) جائز کرنے کی غرض سے پراکسی کا دستاویز اور مختار نامہ یا دیگر اتھارٹی جس کے تحت یہ دستخط شدہ ہو، کمپنی کے مرکزی دفتر واقع دوسری منزل، پیس شاپنگ مال، فورٹریس اسٹیڈیم، لاہور کینٹ، لاہور کو اجلاس کے انعقاد سے 48 گھنٹے قبل پہنچ جانا چاہئے۔

(4) کمپنیز (پوسٹل بیلٹ) قواعد، 2018ء کے تحت ڈائریکٹرز کے انتخاب کے لئے اراکین کو پوسٹل بیلٹ کے ذریعے رائے شماری کا اختیار دیا جائے گا۔

(5) کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں دوسرے شہر میں مقیم 10 فی صد ٹوٹل ادا شدہ سرمایہ حصص کے حامل شیئر ہولڈرز ویڈیو لنک کے ذریعے اجلاس میں شرکت کی سہولت حاصل کرنے کی درخواست دے سکتے ہیں۔

وڈیو لنک سہولت کی درخواست اجلاس کے انعقاد سے 7 (سات) یوم قبل کمپنی کے شیئر رجسٹرار یا بذریعہ مندرجہ ذیل ای میل ایڈریس کمپنی کو براہ راست معیاری فارم پر دی جائے۔ یہ معیاری فارم کمپنی کی ویب سائٹ www.pacepakistan.com سے ڈاؤن لوڈ کیا جاسکتا ہے۔

مزید برآں، مؤرخہ 17 مارچ 2020ء کے مراسلہ نمبر 5 کے تحت سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے لسٹڈ کمپنیوں کو COVID-19 وبا کے خطرات سے حصص داران کو بچانے کے لئے اپنے سالانہ اجلاس عام کے معمول میں تبدیلی کی ہدایات جاری کی ہیں۔

اسی طرح سے کمپنی کے حصص داران ویڈیو/ ویبیکس کے ذریعے اجلاس میں شرکت کرنے کا انتخاب کر سکتے ہیں۔ ایسے حصص داران جن کے نام 20 اکتوبر 2020ء کو کاروباری اوقات کار ختم ہونے تک کمپنی کی کتابوں میں ظاہر ہوتے ہیں اور وہ آن لائن پلیٹ فارم کے ذریعے AGM میں شرکت کے خواہش مند ہیں تو انہیں اجلاس کے انعقاد سے کم از کم 7 (سات) یوم قبل کمپنی سیکریٹری کے دفتر میں اپنا اندراج کرانے کی درخواست کی جاتی ہے۔

ای میل: asattar@pacepakistan.com؛ jawahar@pacepakistan.com

وٹس ایپ نمبر: 0302-8440935؛ 0301-8449940

براہ کرم اپنی شناخت کی غرض سے اپنا نام، CNIC نمبر، فولیو/CDC اکاؤنٹ نمبر اور حصص کی تعداد بیان کریں۔

خواہش مند شیئر ہولڈرز سے مذکورہ بالا معلومات کی وصولی پر کمپنی اُن کے ای میل ایڈریس پر لاگ ان تفصیلات/ پاس

ورڈ بھیجے گی۔ AGM کے وقت شیئر ہولڈرز AGM کارروائی میں اپنے سمارٹ فون یا کمپیوٹر ڈیوائس کے ذریعے کسی بھی موافق مقام سے لاگ ان کر کے شرکت کر سکتے ہیں۔

اراکین اجلاس کے ایجنڈا آئٹمز سے متعلق اپنی رائے/تجاویز مذکورہ بالا ای میل ایڈریس اور وٹس ایپ نمبر پر بھیج سکتے ہیں۔ لاگ ان کی سہولت اجلاس کے انعقاد سے 30 منٹ قبل کھولی جائے گی تاکہ شرکاء اجلاس میں شمولیت اختیار کر سکیں۔

6) کمپنی کے خودمختار شیئر رجسٹرار کا پتا: **کارپ لنک (پرائیویٹ) لمیٹڈ، وِنگز آرکیڈ، 1-K، کمرشل ماڈل ٹاؤن، لاہور (042)-35839182**

7) نوٹس برائے سالانہ اجلاس عام کمپنی کی ویب سائٹ www.pacepakistan.com پر شائع کر دیا گیا ہے۔

8) a) اجلاس میں شرکت اور رائے شماری کرنے کا اہل CDC کا فرد واحد بینی فیشل مالک اپنی شناخت ثابت کرنے کے لئے شرکت کا آئی ڈی اور اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بمعہ اصلی CNIC یا پاسپورٹ ہمراہ لائے گا۔ کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ مختارنامہ جس پر nominees کے نمونہ کے دستخط موجود ہوں اجلاس کے انعقاد کے وقت پیش کرنا ہوگا (اگر یہ پہلے فراہم نہ کیا گیا ہو)

b) پراکسیز کے تقرر کے لئے، CDC کا فرد واحد بینی فیشل مالک مذکور بالا ضروریات کے مطابق پراکسی فارم بمعہ شرکت کا آئی ڈی، اکاؤنٹ/ ذیلی اکاؤنٹ نمبر بشمول CNIC یا پاسپورٹ کی مصدقہ نقل جمع کرائے گا۔ دو افراد کی جانب سے ان کے نام، پتا اور CNIC نمبر کے ساتھ پراکسی فارم کی توثیق ہونی چاہیئے۔ پراکسی کو اجلاس کے انعقاد کے وقت اپنا اصلی CNIC یا پاسپورٹ پیش کرنا ہوگا۔ کاروباری ادارہ کی صورت میں نمونہ کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ مختارنامہ پراکسی فارم کے ساتھ جمع کرانا ہوگا (اگر یہ پہلے جمع نہ کرایا گیا ہو)۔

9) اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتا میں تبدیلی کی صورت میں فوراً مطلع کریں۔

کمپنیز (معاون کمپنیوں یا ایسوسی ایٹڈ انڈرٹیکنگز میں سرمایہ داری) ضوابط 2017ء کے ضابطہ نمبر (2)4 کے تحت سرمایہ داری کی حیثیت

کمپنی کے شیئر ہولڈرز نے اپنے 28 اکتوبر 2019ء کو منعقدہ سالانہ اجلاس عام میں کمپنی کو منظوری دی ہے اور کمپنی کے چیف ایگزیکٹو آفیسر کو مجاز ٹھہرایا ہے کہ وہ کمپنیز ایکٹ 2017ء کے سیکشن 199 کی پیروی میں کمپنی کے بورڈ آف ڈائریکٹرز کی مجاز شرائط وضوابط کے تحت ایک معاون کمپنی فرسٹ کیپٹل سیکیورٹیز کارپوریشن لمیٹڈ سے 100.00 ملین روپے مالیت کے

715,400 حصص کے حصول کے ذریعے ایورگرین واٹر ویلی (پرائیویٹ) لمیٹڈ (''EGWV'') کے 55.00 ملین روپے (پچپن ملین روپے صرف) مالیت تک سرمایہ حصص کوا یکویٹی میں تبدیل کرنے کے لئے تمام ضروری اقدامات کریں۔

کمپنی کے شیئر ہولڈرز نے منظوری دی کہ کمپنی تاریخ حصول کو قانون کے مطابق تعین کے بعد موجودہ قیمت پر EGWV کی مکمل شیئر ہولڈنگ حاصل کرے گی۔ مزید، سالانہ اجلاس عام کی تاریخ کو دونوں فریقین نے EGWV کی مالیاتی اسٹیٹمنٹس میں ٹھوس تبدیلیوں کی وجہ سے بائع اور مشتری قیمت کا تعین نہیں کیا ہے۔ گذشتہ برس کے مقابلہ میں 30 جون 2020ء کو EGWV کی مالیاتی اسٹیٹمنٹس میں فرق حسب ذیل ہے:

	2020ء	2019
	ملین روپوں میں	
سرمایہ حصص اور ذخائر	3.450	51.383
طویل مدتی واجبات	257.967	326.235
حالیہ واجبات	628.644	507.240
طویل مدتی اثاثہ جات	299.083	299.607
حالیہ اثاثہ جات	590.978	585.252
سال بھر میں مجموعی خسارہ	(47.933)	(30.230)
فی حصص آمدنی	(67.00)	(42.26)

دستاویزات کا معائنہ

نوٹس کی تاریخ اجرا سے سالانہ اجلاس عام کی اختتام تک کمپنی کے رجسٹرڈ آفس میں کاروباری اوقات کار کے دوران میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی نقول، شیئر ہولڈنگ کی تازہ ترین وضع اور گذشتہ چھے ماہ کے دوران کمپنی میں 10 فی صد یا زائد شیئر ہولڈنگ کے حامل حصص داران کی شیئر ہولڈنگ میں تغیر، EGWV کی مالیاتی اسٹیٹمنٹس، ممکنہ مالیاتی نتائج/ کمپنی کے منصوبہ جات، گذشتہ تین سال کے پڑتال شدہ سالانہ کھاتے، کمپنی کی متعلقہ معلومات کا جائزہ لیا جاسکتا ہے۔

ڈائریکٹرز اوران کے رشتہ داروں کی دلچسپی

کمپنی کے تمام ڈائریکٹرز بشمول چیف ایگزیکٹو اوران کے رشتہ دار (اگر کوئی ہے) اپنے ملکیتی شیئرز کی حد تک دلچسپی رکھتے ہیں۔ ان ڈائریکٹرز بشمول چیف ایگزیکٹو اوران کے رشتہ دار (اگر کوئی ہے) کے مفاد پر قراردادوں کا اثر دیگر شیئر ہولڈرز کے مساوی مفاد پر اثر سے مختلف نہ ہے۔ ان خصوصی امور اور/ یا قرارداد میں کوئی مفاد نہ ہے۔

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 2020, 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 **Shehryar Ali Taseer**
Dated: 06 October 2020 **Chairman**

نظرثانی رپورٹ منجانب چیئرمین

مجموعی کارکردگی پر چیئرمین کی نظرثانی رپورٹ

کوڈ آف کارپوریٹ گورننس کے تحت بورڈ آف ڈائریکٹرز (''بورڈ'') کی جانب سے پیس (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 اترا جائے۔ ایسے شعبے جہاں بہتری کی ضرورت ہے کو حسب ضابطہ مدنظر رکھا گیا ہے اور حتمی منصوبے بنائے گئے ہیں۔

میں 30 جون، 2020ء کو اختتام پذیر سال کے لئے سالانہ رپورٹ پیش کرنے میں فخر محسوس کر رہی ہوں!

- ✓ پیس (پاکستان) لمیٹڈ (PACE) کے بورڈ آف ڈائریکٹرز (''بورڈ'') نے شیئر ہولڈرز کے بہترین مفاد کر 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 تجربہ 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 ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفکیشن حاصل کر لی ہے اور بقیہ 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 تا کہ کمیٹیاں اپنے فرائض خوش دلی سے سرانجام دے سکیں۔
- ✓ بورڈ نے یہ بھی 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 جارہی ہیں اور انہیں برقرار رکھا جارہا ہے۔
- ✓ بورڈ نے حکمت عملی کے عمل، انٹر پرائز رسک مینجمنٹ 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 تا کہ کاروباری فیصلہ سازی کے عمل کو مضبوط اور منظّم 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 اسیسمنٹ کی جارہی ہے۔
- ✓ بورڈ نے ڈائریکٹرز رپورٹ تیار اور منظور کی ہے اور یقینی بنایا ہے کہ ڈائریکٹر کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی اسٹیٹمنٹس 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 ڈائریکٹر کے طور پر اپنے طرز عمل، اپنے اختیارات کے استعمال اور فیصلہ سازی میں لاگو قوانین وضوابط کی تعمیل کو ہمیشہ ترجیح دی ہے۔
- ✓ بورڈ نے خدمات حاصل کرنے، تشخیص کرنے، چیف ایگزیکٹو آفیسر اور دیگر اہم ایگزیکٹو بشمول چیف فا 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 ارتقا سے آگاہ رکھا جاتا ہے۔

میں آپریشنز کے ان سخت حالات میں اپنے ساتھی ڈائریکٹرز، شیئر 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۔

لاہور
06 نومبر 2020ء

شہریار علی تاثیر
چیئرمین

Pace (Pakistan) Limited ("the Company" or "Pace")
Directors' Report (Year Ended June-2020)

General Economic Overview

Pakistan's real GDP growth – at factor cost – is estimated to have declined from 1.9 percent in FY19 to -1.5 percent in FY20. The first contraction in decades, this reflects the effects of COVID-19 containment measures that followed monetary and fiscal tightening prior to the outbreak. To curtail the spread of the pandemic, a partial lockdown – that included restrictions on air travel, inner-city public transport, religious/social gatherings and the closure of all schools and non-essential businesses – was imposed in March, and gradually eased from May 2020 onwards. This disrupted domestic supply and demand, as businesses were unable to operate and consumers curbed expenditures, which specifically affected services and industries. The services sector is estimated to have contracted, by over 1 percent, while industrial production is expected to have declined even more, due to the high policy rates prior to the pandemic and plunging domestic and global demand thereafter. The agriculture sector, partially insulated from the effects of the containment measures, is estimated to have expanded modestly over the year.

On the demand side, private consumption is estimated to have contracted in FY20, as households reduced consumption amid the lockdown and dimmer employment prospects. Similarly, with heightened uncertainty, disrupted supply chains and a global slowdown, investment is estimated to have fallen drastically. Exports and imports also shrank given weaknesses in global trade and domestic demand. In contrast, government consumption growth rose, reflecting the rollout of the fiscal stimulus package to cushion the effects of the pandemic.

Despite weak activity, consumer price inflation rose from an average of 6.8 percent in FY19 to an average of 10.7 percent in FY20, due to surging food inflation, hikes in administered energy prices, and a weaker rupee, which depreciated 13.8 percent against the U.S. dollar in FY20. With elevated inflationary pressures, the policy rate was held at 13.25 percent from July to February but was subsequently lowered to 7.0 percent over the remainder of FY20 to support dwindling activity and as inflationary expectations fell amid the pandemic. The central bank also implemented multiple measures to provide liquidity support to firms. At end-FY20, the banking system remained well capitalized, though upticks in non-performing loans were beginning to erode capital buffers.

The current account deficit shrunk from 4.8 percent of GDP in FY19 to 1.1 percent of GDP in FY20, the narrowest since FY15, driven mainly by import values falling 19.3 percent. Total export values also contracted 7.5 percent due to weak global demand. Despite the global downturn, workers' remittances increased relative to FY19, underpinning a wider income account surplus. Meanwhile, higher net foreign direct investment, and multilateral and bilateral disbursements, more than offset a decline in portfolio flows, leading to a larger financial account surplus. The balance of payments consequently swung to a surplus of 2.0 percent of GDP in FY20, and official foreign reserves increased to US$13.7 billion at end-June 2020, sufficient to finance 3.2 months of imports.

In FY20, the fiscal deficit narrowed to 8.1 percent of GDP from 9.0 percent in FY19. Total revenues rose to 15.3 percent of GDP due to higher non-tax revenue, as the central bank and the telecommunication authority repatriated large profits. Despite reforms, tax revenues slipped to 11.6 percent of GDP, with lower economic activity and larger tax expenditures. Expenditures rose mainly due to a fiscal stimulus package valued at around 2.9 percent of GDP, while the public debt, including guaranteed debt, increased to 93.0 percent of GDP by end-FY20.

While domestic economic activity is expected to recover, as lockdown measures are lifted and base effects materialize, Pakistan's near-term economic prospects are subdued. Significant uncertainty over the evolution of the pandemic and availability of a vaccine, demand compression measures to curb imbalances, along with unfavorable external conditions, all weigh on the outlook. Economic growth is projected to remain below potential, averaging 1.3 percent for FY21-22. This baseline projection, which is highly uncertain, is predicated on the absence of significant infection flare ups or subsequent waves that would require further widespread lockdowns.

The current account deficit is expected to widen to an average of 1.5 percent of GDP over FY21-22, with imports and exports gradually picking up as domestic demand and global conditions improve. The fiscal deficit is projected to narrow to 7.4 percent in FY22, with the resumption of fiscal consolidation and stronger revenues driven by recovering economic activity and structural reform dividends. Expenditures will remain substantial due to sizeable interest payments and defense expenditures, a rising salary and pension bill, and absorption of energy SOE guaranteed debt by the government.

There are considerable downside risks to the outlook with the most significant being a resurgence of the COVID-19 infection, triggering a new wave of global and/or domestic lockdowns and further delaying the implementation of critical IMF-EFF structural reforms (slated to resume in H1-FY21). Locust attacks and heavy monsoon rains could lead to widespread crop damage, food insecurity and inflationary pressures. Livelihoods for households dependent primarily on agriculture could also be negatively impacted. Finally, external financing risks could be compounded by difficulties in rolling-over bilateral debt from non-traditional donors and tighter international financing conditions.

Company Performance and Financial Overview

The comparison of the financial results for the year ended 30th June 2020, with previous financial year is as under:

	Year End 2020	**Year End 2019**
	Rupees in '000'	
Sales	**244,124**	456,480
Cost of Sales	**(177,674)**	(346,475)
Gross Profit	**66,450**	110,005
Admin & Selling Expenses	**(163,791)**	(162,001)
Other Income	**43,337**	9,517
Exchange Gain/(loss) on foreign currency convertible bond	**(64,809)**	(724,904)
Impairment loss on receivables	**(88,473)**	(8,250)
Finance Cost	**(205,459)**	(138,311)
Other Operating expenses	**(31,407)**	(14,674)
Gain from change in FV of investment property	**49,324**	5,799
Net profit/(loss) before tax	**(394,828)**	(922,819)
Net profit/(loss) after tax	**(397,879)**	(929,252)
Earnings/(Loss) per share (PKR)	**(1.43)**	(3.33)

During period under review, the revenue of the Company amounted to Rs. 244,124 million as compared to Rs. 456,480 million of last year primarily attributable to recognition of revenue, on percentage of completion basis, pertaining to sale of floors on Pace Tower. Cost of Sales also decreased from Rs. 346,475 million last year to Rs. 177,674 current year, as a result of decrease in construction cost and operating costs related to Plazas. Administrative expenses were Rs 163,791 million against Rs 162,001 million. Other income of the company showed a substantial increase to close at Rs. 43,337 million as compared with Rs. 9,517 million of last year due to recognition of gain on settlement of loan. The company also received an exchange loss of Rs 64,809 million on Foreign Currency Convertible Loan due to depreciation of Pak-Rupee. Finance costs during the period increased from Rs. 138,311 million to Rs. 205,459 million, due to increase in KIBOR from 8% to 13.5%.

As a result of aforementioned factors, the loss for the period under consideration amounted to Rs. 397,879 million as compared to last year at Rs. 929,252 million, resulting in Loss Per Share (LPS) of Rs. 1.43 as compared to LPS of Rs. 3.33 in last year.

Status of Financial Obligations

The current maturity of long term loans increased to Rs. 3.940 billion as at 30th June 2020 from Rs. 3.786 billion as at 30 June 2019. Such the increase was witnessed on account of the fact that the FCCBs of the company increased due to 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, current liabilities of the Company have exceeded its current assets by Rs. 2,434.47 million (2019: Rs. 1,923.50 million), and accumulated losses of the Company stand at Rs. 2,464.55 million (2019: Rs. 2,075.58 million). Furthermore, due to liquidity issues 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. The estimated cost of completion of Pace Tower is Rs. 321.06 million and the construction activity on the project has been very slow due to unavailability of sufficient financial resources. These conditions indicated the existence of a material uncertainty that may cast significant doubts about the Company’s ability to continue as a going concern and, therefore, it may be unable to realize it assets and discharge its liabilities in the normal course of business.

The management has prepared an assessment which covers at least twelve months from the reporting date and believes that the following measures, if implemented effectively, will generate sufficient financial resources for the continuing operations.

Management is confident that it will complete Pace Tower Project by the end of 2022 and is actively engaged to find buyers for the sale of remaining floors/ apartments in Pace Tower.

Management is taking necessary steps for the completion and sale of Pace Circle.

Company has saleable 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, management is expected to generate Rs. 3.80 billion over the period of five year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

Accordingly, these financial statements have been 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.

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 2020.

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 43 of the Financial Statements of the Company. Total remuneration to CEO for FY-2020 is Rs 12.983 million and to Executive Director Rs 4.657 million respectively. Further, the Company is not paying any remuneration to Non-Executive Directors of the Company.

Code of Corporate Governance;

During the financial year 2020 "Listed Companies (Code of Corporate Governance) Regulations" has been implemented which requires certain changes in the Composition of the Board and Its Committees. The Company has changed the composition of Board and its committees in accordance with deadlines provided in new Code of Corporate Governance.

ELECTION OF DIRECTORS

New Board of Directors was elected for the term of next three years in the Extraordinary General Meeting of the Shareholders of the Company held on 02 May 2020. Miss Rema Husain Qureshi retired from the board and Mian Ehsan ul Haq was elected in her place.

Composition of Board

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

Names	**Designation**
Aamna Taseer	CEO
Shehryar Ali Taseer	Chairman
Shahbaz Ali Taseer	Director
Shehrbano Taseer	Director
Mian Ehsan ul Haq	Director
Kanwar Latafat Ali Khan	Director
Shavez Ahmad	Director

Total number of Directors	**07**
a) Male:	05
b) Female:	02

Composition:

Independent Directors	02
Other Non-Executive Directors	03
Executive Directors	02

Committee of the board

Audit Committee	Shavez Ahmad (Chairman) Mian Ehsan ul Haq (Member) Kanwar Latafat Ali Khan (Member)

Human Resource and Remuneration (HR&R) Committee	Shavez Ahmad (Chairman) Aamna Taseer (Member) Kanwar Latafat Ali Khan (Member)

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, 2021, 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 - 2021 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 7th, 2020

Director   Chief Executive Officer`

پیس (پاکستان) لمیٹڈ [''کمپنی'' یا ''پیس'']
ڈائریکٹرز کی رپورٹ (جون 2020ء کو اختتام پذیر سال)

عمومی اقتصادی جائزہ

مالیاتی سال 2020ء فیکٹر کاسٹ پر حقیقی شرح نمو مالیاتی سال 2019 میں 1.9 فی صد سے کم ہو کر مقابلہ میں 1.5- فی صد ہو گئی ہے۔ کئی دہائیوں میں یہ کمی ماضی کے مانیٹری و مالیاتی عدم استحکام کے بعد COVID-19 کے تدارک کے لئے کئے گئے اقدامات کے اثرات کی عکاسی کرتی ہے۔ وبا کے پھیلاؤ کو روکنے کے لئے مارچ میں ہوائی، بین العلاقائی ٹرانسپورٹ، مذہبی/سماجی اجتماعات اور سکولوں اور غیر ضروری کاروبار کی بندش جیسے جزوی لاک ڈاؤن نافذ کیا گیا جس میں مئی 2020ء کے بعد نرمی کی گئی۔ کاروبار غیر فعال ہونے اور صارفین کی قوت خرید متاثر ہونے سے ملکی سطح پر طلب و رسد میں رکاوٹ پیدا ہو گئی۔ سب سے زیادہ متاثر ہونے والے شعبے خدمات اور صنعت ہیں۔ خدمات کے شعبہ میں ایک فیصد سے زائد تک سمٹنے کی توقع کی جا رہی ہے اور وبا سے قبل زیادہ پالیسی ریٹ اور ملکی و عالمی سطح پر طلب میں کمی کی وجہ سے صنعتی پیداوار میں مزید تنزلی کے آثار ہیں۔ زرعی شعبہ انسداد کورونا وائرس اقدامات کے اثرات کی وجہ سے جزوی طور پر کمزور پڑ گیا اور اس میں وقت گزرنے کے ساتھ ساتھ معتدل توسیع کی توقع کی جا رہی ہے۔

طلب کے تناظر میں مالیاتی سال 2020ء کے دوران نجی شعبہ میں کھپت میں کمی واقع ہونے کی پشینگوئی کی جا رہی ہے کیونکہ کئی گھروں میں لاک ڈاؤن اور ملازمت کے معدوم امکانات کی وجہ سے کھپت میں واقع ہوئی ہے۔ اسی طرح سے بے یقینی صورت حال میں اضافہ، سپلائی چین میں رکاوٹ اور عالمی سست روی کی وجہ سے سرمایہ داری میں بھی تباہ کن کمی کے آثار ہیں۔ عالمی تجارت اور قومی طلب میں کمی کی وجہ سے برآمدات اور درآمدات بھی سکڑ چکی ہیں۔ اس کے برعکس حکومتی سطح پر کھپت میں اضافہ ہوا ہے جو وبا کے اثرات سے بچنے کے لئے معاشی استحکام کی خاطر اعلان کردہ پیکیج کی عکاسی کرتا ہے۔

خوراک کی قیمتوں میں اضافہ، توانائی کی نظر ثانی شدہ قیمتوں اور امریکی ڈالر کے مقابلہ میں روپے کی قدر میں 13.8 فی صد کمی کی وجہ سے افراط زر کی شرح مالیاتی سال 2019ء میں 6.8 فی صد سے بڑھ کر مالیاتی سال 2020ء میں 10.7 فی صد تک بڑھ گئی۔ جاری مہنگائی کی وجہ سے جولائی سے فروری تک کے دورانیہ میں پالیسی ریٹ 13.25 فی صد برقرار رکھا گیا اور معاشی سرگرمیوں کو متحرک کرنے کے لئے مالیاتی سال 2020ء کے بقیہ حصہ میں اس شرح میں 7.0 فی صد کمی کی گئی اور وبا کی وجہ سے افراط زر کی شرح میں کمی کی توقع کی گئی۔ مالیاتی سال 2020ء کے اختتام پر بینکنگ سسٹم سے واضح فائدہ اٹھایا گیا اگرچہ غیر فعال قرضوں سے سرمایہ کو شدید نقصان پہنچ رہا تھا۔

برآمدات کی قدر میں 19.3 فی صد کمی کی وجہ سے کرنٹ اکاؤنٹ خسارہ مالیاتی سال 2019ء میں مجموعی قومی پیداوار کے 4.8 فی صد سے کم ہو کر مالیاتی سال 2020ء میں 1.1 فی صد ہو گیا۔ عالمی طلب میں کمی کی وجہ سے برآمدی قدر میں بھی 7.5 فی صد کمی واقع

ہوئی۔ عالمی سطح پر مندی کے باوجود مالیاتی سال 2019ء کے مقابلہ میں ورکرز ترسیلات زر میں اضافہ ہوا۔ دوسری جانب براہ راست غیر ملکی سرمایہ داری اور دو اور کثیر طرفہ ادائیگیاں، پورٹ فولیو فلو میں توقع سے زیادہ کمی کی وجہ سے برآمدات میں اضافہ ہو۔ ادائیگیوں کا توازن مالیاتی سال 2020ء میں مجموعی قومی پیداوار کے 2.0 فی صد سے تجاوز کر گیا اور جون 2020ء کے اختتام پر سرکاری مالیاتی ذخائر 13.7 بلین ڈالر تک بڑھ گئے جو 3.2 ماہ کی درآمدات پر صرف کرنے کے لئے مناسب ہیں۔

مالیاتی سال 2019ء کے دوران مالیاتی خسارہ GDP کا 9.0 فیصد تھا جب کہ مالیاتی سال 2020ء میں یہی مالیاتی خسارہ نان ٹیکس آمدنی کی وجہ سے کم ہو کر مجموعی قومی پیداوار کا 8.1 فی صد ہو گیا کیونکہ مرکزی بینک اور ٹیلی کمیونیکیشن اتھارٹی نے بیرون ملک سے بھاری منافع وصول کیا۔ اصلاحات کے باوجود ٹیکس آمدنی کم ہو کر GDP کا 11.6 فی صد ہو گئی۔ جس کی بنیادی وجہ سست روی کی شکار معاشی سرگرمیاں اور بھاری ٹیکس اخراجات ہیں۔ اخراجات میں اضافہ مالیاتی پیکیج کی وجہ سے GDP کے 2.9 فی صد کے قریب ہو گیا۔ جب کہ ملکی قرضہ بشمول ضمانتی قرضہ بڑھ کر مالیاتی سال 2020ء کے اختتام پر GDP کا 93.0 فی صد ہو گیا۔

لاک ڈاؤن ختم ہونے سے ملکی معاشی سرگرمیاں بحال ہونے کی امید ہے لیکن پاکستان میں مستقبل قریب میں معاشی استحکام کے آثار معدوم ہیں۔ وبا بڑھنے کے ساتھ ساتھ اور ویکسین کی عدم دستیابی سے غیر یقینی کی صورت حال میں اضافہ ہوتا رہا اور عدم توازن کو ختم کرنے کے لئے اور غیر موافق بین الاقوامی حالات کو مدنظر رکھتے ہوئے طلب پر دباؤ کے لئے اقدامات کئے گئے۔ مالیاتی سال 22-2021 کے لئے معاشی نمو امکانات سے کہیں کم یعنی اوسطاً 1.3 فی صد رہنے کا خدشہ ہے۔ یہ بنیادی انحراف جو انتہائی بے یقینی کا حامل ہے انفیکشن کی وجہ سے جس کی وسیع پیمانے پر لاک ڈاؤن کی پیشنگوئی نہیں کی گئی تھی۔

جونہی ملکی طلب اور عالمی حالات میں بہتری کے ساتھ درآمدات اور برآمدات بڑھنے سے کرنٹ اکاؤنٹ خسارہ مالیاتی سال 22-2021 میں اوسطاً GDP کا 1.5 فیصد رہنے کی توقع ہے۔ معاشی استحکام اور ٹھوس اصلاحات سے آمدنی اور معاشی سرگرمیوں کی بحالی کی وجہ سے مالیاتی سال 2022 میں مالیاتی خسارہ 7.4 فی صد تک کم ہو جائے گا۔ معقول انٹرسٹ ادائیگیوں کی اور دفاعی اخراجات، تنخواہ اور پنشن بل میں اضافہ اور حکومت کی جانب سے انرجی SOE گارنٹیڈ قرضہ کے انجذاب کی وجہ سے اخراجات بڑھیں گے۔

COVID-19 کے دوبارہ بڑھنے سے ملکی اور بین الاقوامی سطح پر لاک ڈاؤن کے دوبارہ نفاذ اور IMF-EEF کی جانب سے سٹرکچرل ریفارمز کی وجہ سے مستقبل کے امکانات معدوم دکھائی دے رہے ہیں۔ ٹڈی دل کے حملہ اور مون سون میں زیادہ بارشوں کی وجہ سے فصلوں کو شدید نقصان پہنچا جس کے نتیجے میں مہنگائی بڑھنے کا خدشہ ہے جس کی وجہ سے زراعت پر انحصار کرنے والے گھرانوں پر منفی اثرات مرتب ہوں گے۔ آخر میں بیرونی قرضوں کے خدشات کی وجہ سے غیر روایتی ڈونرز سے دوطرفہ قرضہ کو رواں ورکرنے میں مشکلات کا سامنا رہے گا۔

کمپنی کی کارکردگی اور مالیاتی جائزہ

گذشتہ برس اور 30 جون 2020ء کو اختتام پذیر سال کے لئے کمپنی کے مالیاتی نتائج حسب ذیل ہیں۔

30 جون کو اختتام پذیر سال

('000' روپوں میں)

	2020ء	2019ء
فروخت	**244,124**	456,480
فروخت پر لاگت	**(176,674)**	(346,475)
مجموعی منافع	**66,450**	110,005
انتظامی اور سیلنگ اخرجات	**(163,791)**	(162,001)
دیگر آمدنی	**43,337**	9,517
فارن کرنسی میں مبادلہ کے قابل بانڈ پر ایکسچینج آمدنی / (خسارہ)	**(64,809)**	(724,904)
واجب الوصول رقوم پر امپیئر منٹ خسارہ	**(88,473)**	(8,250)
قرضوں پر لاگت	**(205,459)**	(138,311)
دیگر آپریٹنگ اخراجات	**(31,407)**	(14,674)
FV کی سرمایہ داری پراپرٹی میں تبدیلی پر آمدنی	**49,324**	5,799
خالص نفع / (نقصان) بمعہ ٹیکس	**(394,828)**	(922,819)
خالص نفع / (نقصان) علاوہ ٹیکس	**(397,879)**	(929,252)
آمدنی / (خسارہ) فی حصص روپے	**(1.43)**	(3.33)

گذشتہ برس میں کمپنی کی آمدنی 456,480 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 244,124 ملین روپے رہی۔ جو پیس ٹاور کی فروخت پر تکمیلی اوسط کی بنیاد پر حاصل آمدنی سے منسوب کیا جاتا ہے۔ پلازوں سے متعلقہ تعمیراتی اور آپریٹنگ لاگت میں کمی کے نتیجے میں فروخت پر لاگت میں گذشتہ برس میں 346,475 ملین روپے کے مقابلہ میں 177,674 ملین روپے کی واقع ہوئی۔ انتظامی اخراجات 162,001 ملین روپے کے مقابلہ میں 163,791 ملین روپے رہے۔ کمپنی کی دیگر آمدنی قرضوں کی ادائیگی پر حاصل آمدنی کی وجہ سے گذشتہ برس 9,517 ملین روپے کے مقابلہ میں تقریباً 43,337 ملین روپے نمایاں اضافہ ہوا۔ کمپنی کو پاکستانی روپے کی قدر میں کمی کی وجہ سے فارن کرنسی کنورٹیبل لون کی مد میں 64,809 ملین روپے کا ایکسچینج خسارہ کا سامنا کرنا پڑا۔ اس دورانیہ میں KIBOR میں 8 فی صد سے 13.5 فی صد اضافہ کی وجہ سے قرضوں پر لاگت میں 138,311 ملین روپے سے 205,459 ملین روپے اضافہ ہوا۔

مذکورہ بالا عوامل کی وجہ سے گذشتہ برس 929,252 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران خسارہ 397,879 ملین روپے رہا۔ جس کے نتیجے میں گذشتہ برس 3.33 روپے فی حصص خسارہ کے مقابلہ میں رواں برس فی حصص خسارہ (LPS) 1.43 روپے رہا۔

مالیاتی فرائض کا درجہ

طویل مدتی قرضوں کی حالیہ پختگی 30 جون 2019ء کو میں 3.786 بلین روپے کے مقابلہ میں 30 جون 2020ء کو 3.940 بلین روپے رہی۔ مذکورہ بالا واجبات پر ایکسچینج خسارہ کی وجہ سے کمپنی کے FCCBs میں اضافہ ہوا۔ مزید برآں، کمپنی کے قرضوں کی مد میں مالیاتی اداروں اور قرض خواہان کو واجب الادا بقایا جات کمپنی کو دستیاب محدود کیش فلو کی وجہ سے قرضوں اور مارک اپ کی عدم ادائیگی کی وجہ سے تاخیر کا شکار ہیں۔ تاہم، مستقبل قریب میں ہم 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۔ مزید برآں، کمپنی اپنے واجبات کی ادائیگی کے لئے قرض خواہان کے ساتھ مذاکرات کے عمل میں ہے۔

کاروبار جاری رکھنے سے متعلق کمپنی کی صلاحیت

رپورٹنگ تاریخ تک، کمپنی کے موجودہ واجبات حالیہ اثاثہ جات سے 2,434.47 ملین روپے تک بڑھ چکے ہیں (2019ء: 1,923.50 ملین روپے) اور کمپنی کا مجموعی خسارہ اس وقت 2,464.55 ملین روپے ہے (2019ء: 2,075.58 ملین روپے)۔ مزید برآں لیکویڈٹی مسائل کی وجہ سے کمپنی اپنے قرض خواہان کے ساتھ قرضوں کی مد میں بنیادی رقم اور مارک اپ کی ادائیگی جیسے کئی وعدے پورے کرنے کے قابل نہ ہے۔ پیس ٹاور کی تکمیل کی لاگت کا تخمینہ 321.06 ملین روپے ہے اور معقول سرمایہ کی عدم دستیابی کی وجہ سے پروجیکٹ پر تعمیر سرگرمیاں سست روی کا شکار ہیں۔ ان حالات کی وجہ سے کمپنی کی کاروباری جاری رکھنے کی صلاحیت میں واضح ابہام پایا جاتا ہے۔ لہٰذا، کمپنی عمومی کاروباری امور کے تحت اپنے اثاثہ جات سے آمدنی اور واجبات کی ادائیگی کے قابل نہ ہے۔ انتظامیہ نے رپورٹنگ تاریخ سے بارہ ماہ کے دورانیہ پر محیط ایک جائزہ لیا ہے۔ انتظامیہ یقین رکھتی ہے کہ اگر مندرجہ ذیل اقدامات پر مؤثر عمل درآمد ہو تو جاری کاموں کے لئے معقول مالیاتی وسائل حاصل ہو جائیں گے۔

انتظامیہ پر امید ہے کہ پیس ٹاور کا منصوبہ 2022ء میں مکمل ہو جائے گا۔ مزید برآں، انتظامیہ پیس ٹاور کی بقیہ منزلوں/اپارٹمنٹس کی فروخت کے لئے خریداروں کی تلاش میں فعال کردار ادا کر رہی ہے۔

انتظامیہ پیس سرکل کی تکمیل اور فروخت کے لئے تمام ضروری اقدامات کر رہی ہے۔

کمپنی مختلف املاک کی صورت میں قابل فروخت اثاثہ جات کی مالک ہے جس کے لئے کمپنی خریداروں کی تلاش کر رہی ہے لہٰذا کمپنی نے اثاثہ جات کی روخت کے لئے حکمت عملی مرتب کی ہے۔ انتظامیہ پانچ سال کے عرصہ میں 3.80 بلین روپے آمدنی حاصل کرنے کی امید رکھتی ہے۔ ایسی فروخت سے حاصل رقوم کمپنی کے آپریٹنگ کیش فلو میں اضافہ اور واجبات کی ادائیگی کے لئے مددگار ثابت ہوں گی۔

اسی طرح یہ مالیاتی اسٹیٹمنٹس جاری کاروبار کی بنیاد پر تیار کی گئی ہیں اور اس میں کمپنی کاروباری جاری نہ رکھنے کی صلاحیت پر اثر انداز ہونے والے عوامل یعنی اثاثہ جات کی فروخت سے حاصل آمدنی اور لیکویڈیشن اور واجبات کی ادائیگی سے متعلقہ ایڈجسٹمنٹس شامل نہ ہیں۔

خطرات پر قابو پانا

بورڈ تسلیم کرتا ہے کہ خدشات/خطرات کاروبار کا اہم ترین حصہ ہیں اور یہ کہ انہیں خدشہ اور مواقع میں تقسیم کیا جاسکتا ہے۔ کمپنی نے فیصلہ سازی کے تمام امور میں خطرات سے آگاہی کا کاروباری کلچر قائم کیا ہے اور مربوط 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 انتظامیہ ادارے میں ہر سطح پر مؤثر اقدامات کر سکے۔ رسک مینجمنٹ سسٹم میں موجود حدود و قیود 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 معقول اور مکمل یقین دہانی نہیں کراتا۔ قدرتی آفات جیسے کئی خطرات کو داخلی نظم وضبط کے ذریعے قابو نہیں کیا جاسکتا۔ ایسے بڑے خطرات مقامی انشورنس مارکیٹ میں فریق ثالث کو منتقل کردیئے جاتے ہیں۔

داخلی نظم وضبط

ڈائریکٹرز اور انتظامیہ کمپنی کے داخلی نظم وضبط اور سالانہ کی بنیاد پر اس پر عمل درآمد کی نگرانی کے ذمہ دار ہیں تاکہ شیئر ہولڈرز کو خدشات کے باوثوق تعین اور انتظام سے متعلقہ ان کی سرمایہ داری پر خاطر خواہ منافع دیا جاسکے۔ اس میں مالیاتی وآپریشنل نگرانی اور تعمیلی کنٹرول اور خطرات کو قابو کرنے کے طریقہ ہائے کار اور ان کی تاثیر شامل ہیں۔ ڈائریکٹرز نے سال 2020ء کے لئے اپنے سالانہ جائزہ اور تخمینہ کو مکمل کرلیا ہے۔

بورڈ اور آڈٹ کمیٹی کمپنی کے کنٹرول فریم ورک سے متعلقہ کمپنی کے انٹرنل آڈٹ فنکشن کی جائزہ رپورٹ پر باقاعدگی سے نظرثانی کرتی ہے تاکہ داخلی نظم وضبط کے معیار پر مکمل عمل کیا جاسکے۔ کمپنی کا انٹرنل آڈٹ فنکشن نظم وضبط کی سرگرمیوں کی سلامیت اور تاثیر پر نظرثانی کرتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدگی سے رپورٹ پیش کرتا ہے۔

تنوع/جدت کے لئے ہمارا عزم

پیپس 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 مہارت 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۔

حفظانِ صحت سے متعلق اقدامات

ہم صفر ضرر کے اپنے ہدف کے لئے پرعزم ہیں۔ ہمارا انتظامی سسٹم خطرات کی نشاندہی، 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 نپٹنے 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 کے بھرپور کردار پر زور دیتے ہیں۔

پیشہ ورانہ حفظانِ 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 حفظانِ صحت، مصنوعات کا معیار اور فعالی کارکردگی لازم وملزوم ہیں۔ کمپنی کی انتظامیہ اور ملازمین، انجمنوں کے باہمی تعاون کے ذریعے حفظانِ 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 پرعزم ہے کہ:

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

کاروباری وسماجی 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 تحریری مواد کا اظہار اور تقسیم

انسانی وسائل اور افراد کی ترقی

ہمارے عملہ کی حکمتِ عملی اور ملازمین کا عزم ایسا فریم ورک تیار متعین 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 حکمتِ عملی کے عین مطابق ہے۔ اپنی ملازمتی پالیسی کے تحت ہم اپنی کمپنی کے درمیان تمام سطحوں پر کام کے مؤثر اور محفوظ تعلقات کے خواہاں ہیں۔

ہم 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 عین مطابق ملازمت فراہم کرتے ہیں۔

ہمارے ملازمین کی مہارت، تخیلات 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 رو پیدا کرتی ہیں۔ لہٰذا یہ مسلسل نمو میں اہم کردار ادا کرتی ہیں۔

ہمارا مربوط ایچ آر ڈیپارٹمنٹ ہے جو ان تمام امور پر عمل درآمد کا ذمہ دار ہے۔ ہم اپنے ملازمین کو ٹوٹل ریوارڈ پیکج پیش کرتے ہیں جس کے اصول تمام سطحوں پر یکساں ہیں اور تمام لاگو قوانین وضوابط کی تعمیل میں مرتب کئے جاتے ہیں۔

منافع منقسمہ

مالیاتی پابندیوں اور کمپنی کے اصولوں کو مدنظر 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 43 میں ایگزیکٹو ڈائریکٹرز کے مجموعی معاوضہ کی تفصیلات درج ہیں۔ مالیاتی سال 2020ء کے لئے CEO اور ایگزیکٹو ڈائریکٹر کا معاوضہ بالترتیب 12.983 ملین روپے اور 4.657 ملین روپے ہے۔ مزید یہ کہ، کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی۔

کوڈ آف کارپوریٹ گورننس

مالیاتی سال 2020ء کے دوران ''لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط'' کا اطلاق کیا گیا ہے جسکے تحت بورڈ اور اس کی کمیٹیوں کی ترکیب میں کچھ تبدیلیاں درکار ہیں۔ کمپنی نے نئے کوڈ آف کارپوریٹ گورننس میں فراہم کردہ مقررہ تاریخ میں بورڈ اور کمیٹیوں کی ترکیب تبدیل کردی ہے۔

ڈائریکٹرز کا انتخاب

02 مئی 2020ء کو منعقدہ کمپنی کے حصص داران کے غیر معمولی اجلاس عام میں آئندہ تین سال کی مدت کے لئے نئے بورڈ آف ڈائریکٹرز کا انتخاب کردیا ہے۔ مس ریما حسین قریشی بورڈ سے ریٹائر ہو چکی ہیں اور میاں احسان الحق کو اُن کی جگہ ڈائریکٹر مقرر کیا گیا ہے۔

بورڈ کی ترکیب

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

نام	عہدہ
آمنہ تاثیر	CEO
شہریار علی تاثیر	چیئرمین
شہباز علی تاثیر	ڈائریکٹر
شہر بانو تاثیر	ڈائریکٹر
میاں احسان الحق	ڈائریکٹر
کنور لطافت علی خان	ڈائریکٹر
شاویز احمد	ڈائریکٹر

ڈائریکٹرز کی کل تعداد		**7**
(a	مرد	5
(b	خواتین	2
آزاد ڈائریکٹرز:		02
دیگر نان ایگزیکٹو ڈائریکٹرز		03
ایگزیکٹو ڈائریکٹرز		02

بورڈ کمیٹیاں

آڈٹ کمیٹی	شاویز احمد (چیئرمین) میاں احسان الحق (رکن) کنور لطافت علی خان (رکن)

ہیومن ریسورس اینڈ ریمونریشن (HR&R) کمیٹی	شاویز احمد (چیئرمین) آمنہ تاثیر (رکن) کنور لطافت علی خان (رکن)

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 2021 ءکو اختتام پذیر سال کے لئے باہمی طے شدہ معاوضہ پر انہیں کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔

سالمیت اور تعمیل

مضبوط اور بااخلاق کلچر برقرار رکھنا پیس کے کاروباری امور کی اکائی ہے۔ ہم اپنے کاروباری امور سالمیت سے بروئے کار لانے کے لئے پرعزم ہیں۔ جو ہماری بنیادی اقدار میں سے ایک ہے۔ اور ہم یقین رکھتے ہیں 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، اصول وضوابط کی تعمیل

تمام ملازمین سے رائج قوانین، اصول وضوابط کی تعمیل کی توقع کی جاتی ہے۔ کمپنی کی پالیسی ہے کہ جن کمیونٹیز میں کمپنی 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۔

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 ومالیاتی رپورٹنگ فریم ورک

- مالیاتی اسٹیٹمنٹس اور انتظامیہ کے تحریری بیانات کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بھرپور 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 فعالی نتائج میں گذشتہ برس سے نمایاں انحراف کو واضح کیا گیا ہے اور اس کی وجوہات کو اوپر واضح کیا گیا ہے۔
- محصولات، ڈیوٹیز، 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 ہوسکتی ہے کو مالیاتی اسٹیٹمنٹس کے نوٹ 18 میں واضح کیا گیا ہے۔

مستقبل کے امکانات

پیس ٹاورز کی شکل میں سال 2020-2021ء 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 کرلیں گے۔

چونکہ ہم آئیندہ سالوں میں اپنے سرمایہ کے خدوخال کو بہتر کرنے پر بھرپور توجہ دے رہے ہیں لہٰذا 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 ریئل 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 کارکردگی دکھائی ہے اور ہم ان کی ان تھک محنت، جذبہ اور عزم کی قدر کرتے ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

07 اکتوبر، 2020ء

ڈائریکٹر **چیف ایگزیکٹو آفیسر**

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1. CUIN (Registration Number) **0042733**

2 Name of the Company **PACE PAKISTAN LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2020**

4. No. of Shareholders	------Shareholdings------ From		To	Total Shares Held
1822	1	-	100	135,391
887	101	-	500	373,892
3270	501	-	1,000	2,226,784
2007	1,001	-	5,000	5,819,347
789	5,001	-	10,000	6,597,580
317	10,001	-	15,000	4,167,677
254	15,001	-	20,000	4,730,176
172	20,001	-	25,000	4,069,229
114	25,001	-	30,000	3,276,477
70	30,001	-	35,000	2,334,612
57	35,001	-	40,000	2,213,352
44	40,001	-	45,000	1,929,630
108	45,001	-	50,000	5,338,610
33	50,001	-	55,000	1,758,041
32	55,001	-	60,000	1,881,267
17	60,001	-	65,000	1,076,905
23	65,001	-	70,000	1,584,000
25	70,001	-	75,000	1,846,400
23	75,001	-	80,000	1,807,501
17	80,001	-	85,000	1,419,275
16	85,001	-	90,000	1,411,500
4	90,001	-	95,000	367,500
68	95,001	-	100,000	6,795,500
17	100,001	-	105,000	1,750,342
5	105,001	-	110,000	542,500
5	110,001	-	115,000	564,000
6	115,001	-	120,000	709,000
5	120,001	-	125,000	615,500
6	125,001	-	130,000	759,532
8	130,001	-	135,000	1,064,000
4	135,001	-	140,000	555,000
4	140,001	-	145,000	575,000
13	145,001	-	150,000	1,940,000
4	150,001	-	155,000	614,000
4	155,001	-	160,000	638,000
5	160,001	-	165,000	817,500
2	165,001	-	170,000	337,500

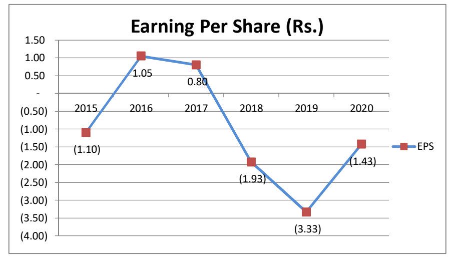
4	170,001	-	175,000	696,000
2	175,001	-	180,000	353,500
4	180,001	-	185,000	730,891
3	185,001	-	190,000	566,000
6	190,001	-	195,000	1,165,000
22	195,001	-	200,000	4,396,000
4	200,001	-	205,000	815,000
7	205,001	-	210,000	1,453,000
2	210,001	-	215,000	426,000
2	215,001	-	220,000	439,500
1	220,001	-	225,000	225,000
2	225,001	-	230,000	456,000
1	230,001	-	235,000	231,500
2	235,001	-	240,000	479,000
2	240,001	-	245,000	488,500
7	245,001	-	250,000	1,742,000
1	250,001	-	255,000	255,000
1	255,001	-	260,000	260,000
4	260,001	-	265,000	1,054,500
2	265,001	-	270,000	539,500
3	270,001	-	275,000	822,000
4	275,001	-	280,000	1,112,500
2	280,001	-	285,000	561,000
1	285,001	-	290,000	289,500
10	295,001	-	300,000	2,997,000
2	300,001	-	305,000	604,000
1	315,001	-	320,000	320,000
6	345,001	-	350,000	2,089,100
1	350,001	-	355,000	350,500
1	365,001	-	370,000	366,500
2	375,001	-	380,000	755,211
1	390,001	-	395,000	393,500
4	395,001	-	400,000	1,600,000
1	400,001	-	405,000	401,000
2	405,001	-	410,000	815,500
7	415,001	-	420,000	2,918,973
3	420,001	-	425,000	1,275,000
1	425,001	-	430,000	425,716
1	435,001	-	440,000	437,583
1	440,001	-	445,000	445,000
2	445,001	-	450,000	895,090
1	450,001	-	455,000	453,000
1	460,001	-	465,000	463,838
1	465,001	-	470,000	467,500
8	495,001	-	500,000	4,000,000
1	515,001	-	520,000	518,500
1	520,001	-	525,000	525,000
1	530,001	-	535,000	535,000
1	535,001	-	540,000	539,387
1	545,001	-	550,000	550,000
4	595,001	-	600,000	2,400,000
1	605,001	-	610,000	606,000
1	620,001	-	625,000	623,500
1	635,001	-	640,000	637,500

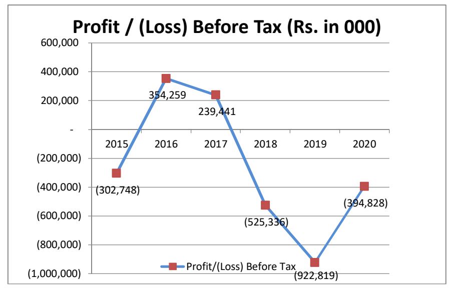
3	645,001	-	650,000	1,947,500
1	655,001	-	660,000	659,000
1	695,001	-	700,000	700,000
1	705,001	-	710,000	710,000
2	710,001	-	715,000	1,427,628
1	720,001	-	725,000	725,000
1	725,001	-	730,000	729,500
1	770,001	-	775,000	774,500
1	810,001	-	815,000	814,082
9	830,001	-	835,000	7,495,056
1	845,001	-	850,000	850,000
1	850,001	-	855,000	853,500
1	910,001	-	915,000	915,000
1	935,001	-	940,000	936,000
1	995,001	-	1,000,000	1,000,000
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	1,125,001	-	1,130,000	1,126,000
1	1,135,001	-	1,140,000	1,136,500
1	1,155,001	-	1,160,000	1,156,500
4	1,245,001	-	1,250,000	4,996,000
1	1,250,001	-	1,255,000	1,254,500
1	1,265,001	-	1,270,000	1,270,000
1	1,315,001	-	1,320,000	1,320,000
2	1,405,001	-	1,410,000	2,813,000
1	1,500,001	-	1,505,000	1,501,000
1	1,640,001	-	1,645,000	1,644,000
1	1,875,001	-	1,880,000	1,880,000
1	2,095,001	-	2,100,000	2,100,000
1	2,185,001	-	2,190,000	2,190,000
1	2,590,001	-	2,595,000	2,590,268
1	2,980,001	-	2,985,000	2,982,695
1	3,290,001	-	3,295,000	3,300,000
1	3,635,001	-	3,640,000	3,635,500
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	27,545,001	-	27,550,000	27,546,000
10,473				**278,876,604**

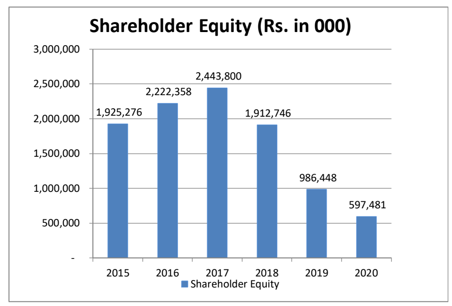
5	**Categories of shareholders**	**Shares held**	**Percentage**
5.1(a)	**Directors, CEO and their Spouse and Minor Children**		
	Aamna Taseer	587	0.00021
	Shahbaz Ali Taseer	987	0.00035
	Shahryar Ali Taseer	27,500	0.00986
	Mian Ehsan Ul Haq	500	0.00018
	Shehrbano Taseer	500	0.00018
	Kanwar Latafat Ali Khan	587	0.00021
	Shavez Ahmad	500	0.00018
5.1 (b)	**Chief Executive Officer**		
	(587) shares of (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	2.69005
	b) First Capital Equities Limited	7,600,000	2.72522
	c) Sisley Group of Company Limited	27,546,000	9.87749
5.3	NIT and ICP	425,716	-
5.4	Banks, DFIs and NBFIs	1,250,587	0.44844
5.5	Insurance	375,711	0.13472
5.6	Modarabas and Mutual Funds	-	-
5.7	**Share holders holding 10% or more voting intrest**	-	-
5.8	General Public		
	a) Local	182,637,150	65.49031
		-	
	b) Foreign Companies/Orginzations/Individual / (repatriable b	33,018,209	11.83972
		-	-
5.9	**Others**		
	a) Joint Stock Companies	18,302,720	6.56302
	b) Others	187,435	
	b) Pension fund Provident Fund etc.	-	-
		278,876,604	**100.00000**

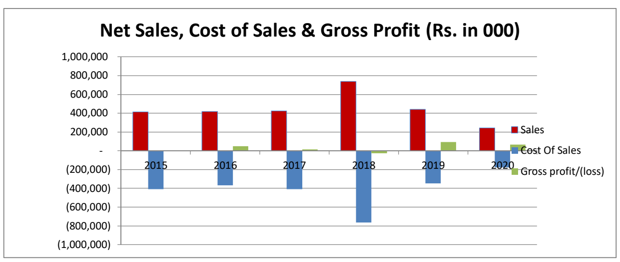
Pace (Pakistan) Limited
KEY OPERATING AND FINANCIAL INDICATORS

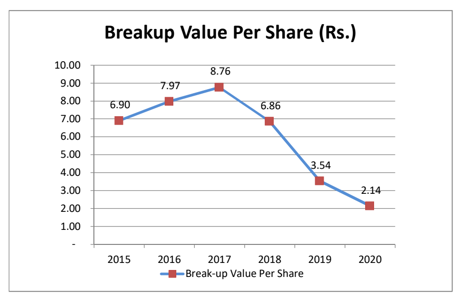
KEY INDICATORS		Rupees in thousands					
		2015	2016	2017	2018	2019	2020
Operating result							
Net Sales		413,204	416,931	425,574	737,452	440,345	244,124
Cost of Sales		(407,893)	(368,731)	(409,780)	(764,122)	(346,475)	(177,674)
Gross profit/(loss)		5,311	48,200	15,794	(26,670)	93,870	66,450
Profit / (loss) from operation		(72,397)	523,515	371,850	(411,285)	(65,403)	(173,884)
Profit / (loss) before tax		(302,748)	354,259	239,441	(525,336)	(922,819)	(394,828)
Profit /(loss)after tax		(306,880)	294,035	224,135	(537,062)	(929,252)	(397,879)
Financial Position							
Shareholder's equity		1,925,276	2,222,358	2,443,800	1,912,746	986,448	597,481
Property,plant & Equipment		431,957	425,438	452,471	452,159	468,464	601,264
Net current assets		(2,791,693)	(2,433,232)	(2,243,402)	(972,419)	(1,923,502)	(2,434,476)
Profitability							
Gross profit /(loss)	%	1.29	11.56	3.71	(3.62)	21.32	27.22
Operating profit /(loss)	%	(17.52)	125.56	87.38	(55.77)	(14.85)	(71.23)
Profit /(loss) before tax	%	(73.27)	84.97	56.26	(71.24)	(209.57)	(161.73)
Profit /(loss) after tax	%	(74.27)	70.52	52.67	(72.83)	(211.03)	(162.98)
Performance							
Fixed assets turnover	Times	0.96	0.98	0.94	1.63	0.94	0.41
Return on equity	%	(14.77)	14.18	9.61	(24.66)	(94.20)	(50.24)
Return on capital employed	%	(3.69)	23.16	14.62	(20.45)	(3.25)	(8.64)
Liquidity							
Current Ratio	Times	0.52	0.52	0.49	0.79	0.67	0.61
Quick	Times	0.14	0.16	0.17	0.37	0.19	0.15
Valuation							
Earning per share	Rs	(1.10)	1.05	0.80	(1.93)	(3.33)	(1.43)
Break up vale per share	Rs	6.90	7.97	8.76	6.86	3.54	2.14

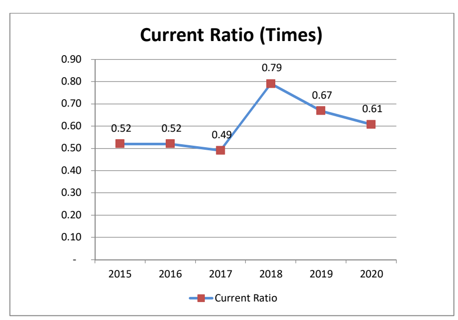












STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

PACE (PAKISTAN) LIMITED
FOR THE YEAR ENDED JUNE 30 2020

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:	05
b.	Female:	02
2.	The composition of board is as follows:	
(i)	Independent Directors	02
(ii)	Other Non-Executive Directors	03
(iii)	Executive Directors	02
(iv)	Female Directors	02
3.	The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;	
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company	
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 have 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 Shehrbano Taseer
		Mian Ehsan Ul Haq
	(Name of Executive & Designation (if applicable)	N/A
10.	The board has approved appointment of Chief Financial Officer, 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)	Shahvez Ahmad, (Chairman) Mian Ehsan Ul Haq, (Member) Kanwar Latafat Ali Khan, (Member)
b.	HR and Remuneration Committee (Name of members and Chairman)	Shahvez Ahmad, (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	01
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/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;	
16.	The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company	
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 requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and	

For and on behalf of the Board

CHIEF EXECUTIVE **DIRECTOR**

Lahore
06 October 2020

KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Pace (Pakistan) Limited** (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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 2020.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 07 October 2020

KPMG

KPMG Taseer Hadi & Co.
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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 2020, 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 2020 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. 2,434.47 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 on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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KPMG Taseer Hadi & Co.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer to statement of profit or loss and note 7.15 and 30 to the unconsolidated financial statements. The Company recognized a total revenue of Rs. 244.12 million being both at a point in time and over time depending on the nature of the contract with customer, during the year ended 30 June 2020. 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: • total expected cost of completion of the project; Furthermore, there is a risk of fraud in revenue recognition due to unpredictable way in which management override of controls could occur making it a significant risk.	Our audit procedures, amongst others, included the following: • 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; • engaging our independent expert to review the work of the management 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 revenue recorded and cost incurred on the project during the year; • 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.
2	**Valuation of investment property** Refer to note 7.4 and 21 to the unconsolidated financial statements.	Our audit procedures, amongst others, included the following: • assessing the design and implementation of the controls over the valuation of investment property and measurement of right of use asset classified in investment property;

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S. No.	Key audit matters	How the matter was addressed in our audit
	The investment property of the Company comprises freehold land and buildings on freehold land. As at 30 June 2020, the carrying value of investment properties was Rs 1,745.25 million. 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. 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.	• 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 independent valuation expert and specialist 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 2020 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 determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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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.

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 deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 07 October 2020

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Pace (Pakistan) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pace (Pakistan) Limited** and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements which highlights the Group's inability to timely meet its obligations in respect of principal and mark-up repayments on borrowings from lenders. The current liabilities of the Group have exceeded its current assets by Rs. 2,139.45 million and the reserves of the Group 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 Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer to statement of profit or loss and note 7.15 and 30 to the consolidated financial statements. The Group recognized a total revenue of Rs. 244.12 million being both at a point in time and over time depending on the nature of the contract with customer, during the year ended 30 June 2020. 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: • total expected cost of completion of the project; and Furthermore, there is a risk of fraud in revenue recognition due to unpredictable way in which management override of controls could occur making it a significant risk.	Our audit procedures, amongst others, included the following: • 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 Group's accounting policy for recording of revenue and compliance of the policy with applicable accounting standards; • engaging our 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 revenue recorded and cost incurred on project during the year; • 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.
2	**Valuation of investment property** Refer to note 7.5 and 22 to the consolidated financial statements. The investment property of the Group comprises freehold land and buildings on freehold land. As at 30 June 2020, the carrying value of investment properties was Rs 1,745.25 million.	Our audit procedures, amongst others, included the following: • assessing the design and implementation of the controls over the valuation of investment property and measurement of right of use asset classified in 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;

Sr. No.	Key audit matters	How the matter was addressed in our audit
	The Group 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 consolidated statement of profit or loss. 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.	• 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 Group; • involving our independent valuation expert and specialist 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 Consolidated 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 2020, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

kpmg

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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KPMG Taseer Hadi & Co.

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.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated 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.

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 07 October 2020

Pace (Pakistan) Limited

Unconsolidated Statement of Financial Position

As at 30 June 2020

EQUITY AND LIABILITIES	Note	2020	2019
		--- (Rupees in thousand) ---	
Share capital and reserves			
Authorised capital	*8*	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	*8*	**2,788,766**	2,788,766
Share premium	*8*	**273,265**	273,265
Accumulated loss		**(2,464,550)**	(2,075,583)
		597,481	986,448
Non-current liabilities			
Long term finances - secured	*9*	**-**	49,810
Redeemable capital - secured (non-participatory)	*10*	**-**	-
Lease liability	*11*	**136,572**	-
Foreign currency convertible bonds - unsecured	*12*	**-**	-
Deferred liabilities	*13*	**45,934**	45,904
		182,506	95,714
Current liabilities			
Contract liability	*14*	**228,256**	254,564
Current maturity of long term liabilities	*15*	**3,940,406**	3,786,553
Creditors, accrued and other liabilities	*16*	**845,135**	677,555
Accrued finance cost	*17*	**1,189,058**	1,077,823
		6,202,855	5,796,495
Contingencies and commitments	*18*		
		6,982,842	6,878,657

ASSETS	Note	2020	2019
		--- (Rupees in thousand) ---	
Non-current assets			
Property, plant and equipment	*19*	**601,264**	468,464
Intangible assets	*20*	**4,008**	4,519
Investment property	*21*	**1,745,251**	1,668,741
Long term investments	*22*	**850,321**	850,321
Long term advances and deposits	*23*	**13,619**	13,619
Deferred taxation	*24*	**-**	-
		3,214,463	3,005,664
Current assets			
Stock-in-trade	*25*	**2,821,179**	2,790,226
Trade debts	*26*	**406,985**	424,753
Advances, deposits, prepayments and other receivables	*27*	**493,245**	477,659
Income tax refundable - net	*28*	**23,845**	14,962
Cash and bank balances	*29*	**23,125**	165,393
		3,768,379	3,872,993
		6,982,842	6,878,657

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

Lahore | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

Pace (Pakistan) Limited

Unconsolidated Statement of Profit or Loss

For the year ended 30 June 2020

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Revenue	*30*	**244,124**	456,480
Cost of revenue	*31*	**(177,674)**	(346,475)
Gross profit		**66,450**	110,005
Administrative and selling expenses	*32*	**(163,791)**	(162,001)
Impairment loss on trade and other receivables		**(88,473)**	(8,250)
Other income	*33*	**43,337**	9,517
Other expenses		**(31,407)**	(14,674)
Loss from operations		**(173,884)**	(65,403)
Finance cost	*34*	**(205,459)**	(138,311)
Exchange loss on foreign currency convertible bonds	*12.2*	**(64,809)**	(724,904)
Gain from change in fair value of investment property		**49,324**	5,799
Loss before taxation		**(394,828)**	(922,819)
Taxation	*35*	**(3,051)**	(6,433)
Loss for the year		**(397,879)**	(929,252)
Loss per share - basic and diluted	*36*	**(1.43)**	(3.33)

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

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

Pace (Pakistan) Limited

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	2020	2019
	--- (Rupees in thousand) ---	
Loss for the year	**(397,879)**	(929,252)
<u>Other comprehensive income for the year</u>		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement of net defined benefit liability	**8,912**	2,954
Total comprehensive loss for the year	**(388,967)**	(926,298)

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

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

Pace (Pakistan) Limited

Unconsolidated Statement of Changes In Equity

For the year ended 30 June 2020

		Capital reserve	Revenue reserve	
	Issued, subscribed and paid-up capital	**Share premium**	**Accumulated loss**	**Total**
	--- (Rupees in thousand) ---			
As at 01 July 2018	2,788,766	273,265	(1,149,285)	1,912,746
Total comprehensive loss for the year ended 30 June 2019				
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**
Total comprehensive loss for the year ended 30 June 2020				
Loss after taxation	-	-	(397,879)	(397,879)
Other comprehensive income	-	-	8,912	8,912
	-	**-**	**(388,967)**	**(388,967)**
Balance as at 30 June 2020	**2,788,766**	**273,265**	**(2,464,550)**	**597,481**

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

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

Pace (Pakistan) Limited
Unconsolidated Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020	2019
		--- (Rupees in thousand) ---	
Cash flows from operating activities			
Cash (used in) / generated from operations	37	**(72,752)**	197,877
Gratuity and leave encashment paid		**(1,351)**	(455)
Taxes paid		**(11,934)**	(17,078)
Net cash (used in) / generated from operating activities		**(86,037)**	180,344
Cash flow from investing activities			
Purchase of property, plant and equipment		**(28,950)**	(42,359)
Proceeds from disposal of property, plant and equipment		**2,212**	-
Income on bank deposits received	33	**100**	720
Net cash used in from investing activities		**(26,638)**	(41,639)
Cash flow from financing activities			
Long term loan paid during the year		**(22,535)**	(5,300)
Payments of lease liability		**(7,058)**	-
Net cash used in financing activities		**(29,593)**	(5,300)
Net (decrease) / increase in cash and cash equivalents		**(142,268)**	133,405
Cash and cash equivalents - at beginning of the year		**165,393**	31,988
Cash and cash equivalents - at end of the year	38	**23,125**	165,393

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

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

1 The Company and its operations

1.1 Pace (Pakistan) Limited ('the 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,
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. 394.83 million (2019: Rs. 922.82 million). Decrease in loss is mainly driven by exchange loss of Rs. 64.81 million in 2020 versus Rs. 724.90 million in 2019 on the foreign currency convertible bonds issued by the Company.

At the reporting date, current liabilities of the Company have exceeded its current assets by Rs. 2,434.47 million (2019: Rs. 1,923.50 million), and accumulated losses of the Company stand at Rs. 2,464.55 million (2019: Rs. 2,075.58 million). Due to liquidity issues 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. The construction activity on the project has also been very slow due to unavailability of enough financial resources causing a delay in the completion of Pace Tower, total estimated cost of completion of Pace Tower is Rs. 321.06 million. These conditions indicated the existence of a material uncertainty related to events or conditions that may cast significant doubts on the Company’s ability to continue as a going concern and, therefore, it may be unable to realize it assets and discharge its liabilities in the normal course of business.

The management has prepared an assessment which covers at least twelve months from the reporting date and believes that the following measures, if implemented effectively, will generate sufficient financial resources for the continuing operations:

The management is continuously engaged with its lenders for settlements of Company’s borrowings. As per various settlement agreements entered into with the term finance certificates (TFC) holders, management expects a waiver of markup amounting to Rs. 198.33 million. Moreover, the Company has entered into a settlement agreement with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet as explained in note 10.3.

As explained in note 45, construction of Pace Tower was delayed due to lockdown imposed during the strain of COVID-19, however the management is confident that it will complete Pace Tower Project by the end of 2022 and is actively engaged to find buyers for the sale of remaining floors/ apartments in Pace Tower. Management is also taking necessary steps for the completion and sale of Pace Circle.

Company has saleable inventory in the form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory, management is expected to generate Rs. 3,800 million over the period of five year. The proceeds from these sales will help to improve the operating cash flows of the Company and to settle its obligations.

Furthermore, the Chief Executive, Mrs. Aamna Taseer and Directors, Mr. Shahbaz Ali Taseer and Shehryar Ali Taseer have jointly provided a letter of support dated 6 October 2020 to the Company wherein they have committed to support the Company to continue as a going concern.

Accordingly, these financial statements have been 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.

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 associates 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.

The Company has following investments:

Subsidiaries	**Country of incorporation**	**Shareholding**
Pace Gujrat (Private) Limited	Pakistan	100%
Pace Super Mall (Private) Limited	Pakistan	56.79%
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	**Country of incorporation**	**Shareholding**
Pace Barka Properties Limited	Pakistan	24.86%

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; and,

- 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
- Retirement benefits at present value

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 policy

The company has initially applied IFRS 16 which is effective for annual periods beginning on or after 01 January 2019. 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.

4.1 IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position as right-of-use assets.

The Company has applied IFRS 16 using the modified retrospective approach as at 01 July 2019. Accordingly, the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

4.1.1 As a lessee

As a lessee, the Company has leased electrical equipment which includes solar panels and immovable property which includes land and various shops / apartment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for the leases except for short term leases or lease for which the underlying asset is of low value.

Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company’s incremental borrowing rate as at 01 July 2019. IFRS 16 (B2) allows entity to combine two or more contracts with similar terms and conditions. While calculating lease liability and right-of-use asset, Company has combined certain lease agreements with similar lease terms and lease commencement dates. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

4.1.2 As a lessor

The Company leases out its investment property, including own property and right-of-use assets. These leases are classified as operating leases.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Company sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Company assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

Impact on financial statements

<u>Impact on transition</u>

The impact on transition at 01 July 2019 is summarized below:

	Impact of adopting IFRS 16 as at 01 July 2019 (Rupees in thousand)
Right-of-use assets - property plant and equipment	119,496
Right-of-use assets - investment property	27,186
Lease liability	146,682

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 01 July 2019. The incremental borrowing rate applied is 15.65%.

Reconciliation of operating lease commitments under IAS 17 with lease liabilities at the date of transition:

	01 July 2019 (Rupees in thousand)
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Company's financial statements	737,365
Discounted using the incremental borrowing rate at 01 July 2019	146,682
Finance lease liabilities recognized as at 01 July 2019	18,046
Lease liabilities recognized at 01 July 2019	164,728

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 2019 other than those disclosed in note 4, 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 2020:

- 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 crystallize. 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.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  i. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  ii. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  iii. there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are effective from annual period beginning on or after 01 January 2022 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:

6.1 Estimates:

	Note
- Provision for taxation	*7.1*
- Property, plant and equipment	*7.2*
- Intangibles	*7.3*
- Investment property valuation	*7.4*
- Stock-in-trade	*7.6*
- Employee benefits	*7.13*
- Measurement of ECL allowance for trade debts	*7.16.5*
- Impairment on non-financial assets	*7.17*
- Contingent liabilities	*7.18*

6.2 Judgements

- Costs to complete the projects	*7.6*
- Satisfaction of performance obligations	*7.15*

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 recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized 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.

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

- 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

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which is stated at cost less any identified impairment losses. 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.

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.

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 recognized 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

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized 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 recognized 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 recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis at the rates specified in note 19.3 to the financial statements.

Capital work in progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for intended use.

7.3 Intangible assets

Computer Software

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

Optical Fiber

Expenditure incurred to acquire the rights to use optical fiber are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Amortization is charged to statement of profit or loss on straight line basis method at an annual rate of 5%, as to write off the cost over its estimated useful life.

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 recognized 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 recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The Company reviews the rate of amortization 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 amortization charge and impairment.

7.4 Investment property

Investment property is a 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.

If an item of property, plant and equipment becomes an investment property because its use has been changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss, the gain is recognized 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 companies 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.

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

The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. 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.

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.

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 recognized 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 recognized 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 amortised 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 Borrowings

Borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

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 recognized 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

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property, plant and equipment and investment properties' based on their use and lease liabilities as separate line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

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.

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.

The Company provides for accumulating compensated absences when the employees render service that increase the entitlement to future compensated absences. Under the rules all employees are entitled to 20 days leave per year respectively. Unutilised leaves can be accumulated upto unlimited amount. Unutilised leaves can be used at any time by all employees, subject to the Company's approval.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss.

7.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Company. 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 recognized 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 recognizes 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: **Recognize revenue when (or as) the Company satisfies a performance obligation.**

The Company satisfies a performance obligation and recognizes 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
- 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized over time as the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs.

Service charges

Service charges are recognized 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 recognized, 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 recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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 fair value through profit or loss ('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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ('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 amortized 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 amortized 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 amortized 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 amortized cost.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized in OCI and are never reclassified to statement of profit or loss.

7.16.3 Derecognition

Financial assets

The Company derecognizes 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 recognized 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 derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes 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 recognized 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 recognized 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 realize the asset and settle the liability simultaneously.

7.16.5 Impairment

The Company recognizes loss allowances for Expected Credit Losses ("ECLs") in respect of financial assets measured at amortized cost.

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 debts 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 amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering 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 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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.

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 Company’s financial statements in the year in which it is declared by the Company’s shareholders.

7.20 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.

8 Share capital and reserves

	2020	2019	2020	2019
	--- (Rupees in thousand) ---		------ Number of shares ------	
8.1 Authorised 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

	2020	2019	2020	2019
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
	2,788,766	2,788,766	**278,876,604**	278,876,604

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

	Basis of relationship	2020	2019
		(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
		15,104,915	15,104,915

8.4 There has been no movement in ordinary share capital issued, subscribed and paid-up during the year ended 30 June 2020.

	2020	2019
8.5 Share premium	--- (Rupees in thousand) ---	
Share premium reserve	**273,265**	273,265

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	2020	2019
		--- (Rupees in thousand) ---	
Pak Iran Joint Investment Company	*9.1*	**66,860**	58,168
Soneri Bank - demand finance	*9.2*	**-**	19,043
		66,860	77,211
Less:			
Current maturity presented under current liabilities		**(66,860)**	(27,401)
		-	49,810

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. 172.31 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. 105.45 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 M.M Alam up till repayment of the balance outstanding amount.

9.1.1 Terms of repayment

In accordance with the settlement agreement, the remaining outstanding mark-up of Rs. 66.86 million has been rescheduled and is payable over a period of 7 years with no 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:

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
As at beginning of the year		**58,168**	54,132
Unwinding of notional interest		**3,556**	4,036
Adjustment on account of default	*9.1.2.1*	**5,136**	
As at end of the year		**66,860**	58,168

9.1.2 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.86 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. 66.67 million.

9.1.2.1 Default

The moratorium period as per the rescheduling agreement ended on 31 December 2019 and the first quarterly installment was due on 01 January 2020. Company made a default in repayment of the installment and no repayment was made till 30 June 2020. Pace, through its letter dated 17 July 2020, requested PAIR to defer the repayment plan for 24 months. However, no response from PAIR is received yet. Accordingly, we have classified the total balance outstanding as current liability as per the requirements of IAS 1 "Presentation of Financial Statement".

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. During the year ended 30 June 2020, Company made repayments amounting to Rs. 7.64 million on 16 October 2019 and Rs. 14.90 million on 07 January 2020 as final settlement of the outstanding principal and accrued markup.

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 4.09 kanals along with present and future construction thereon. As a result of the final settlement stated above, Soneri Bank released its charge on the property via no objection certificate dated 03 June 2020.

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 04 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. 398.71 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. 332.11 million and waived accrued mark-up of Rs. 66.60 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 ('SA') for settlement of HBL's portion of Syndicated Term Finance Facility ('STFF') along with the accrued mark-up aggregating to Rs. 178.81 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 form the Company for a consideration of Rs. 106.89 million and waived accrued mark-up of Rs.71.91 million. Pursuant to the SA, 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 Syndicated Term Finance Facility 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.398.56 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 form the Company for a consideration of Rs.242.29 million and waived accrued mark-up of Rs.156.27 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.

		2020	2019
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 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% (2019: 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 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 through its letter (Ref No. PSX/Gen-5683) dated 19 November 2019 instructed the company to appraise them regarding measures taken for removal of default of payment of principal amount, markup and restructuring of the TFCs by 25 November 2019. Consequently, the Company has submitted its reply to the Pakistan Stock Exchange on 25 November 2019 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 that a settlement proposal shared in the meeting held on 18 March 2018 with the TFC holders. However, despite the three reminders sent by the Trustee, response of the TFC holders is still pending.

The TFCs are still in the defaulter segment due to non compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations.

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.

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. 185.93 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark- up amounting to Rs. 89.29 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.

10.3 Settlement with Bank of Khyber

On 20 December 2019, Bank of Khyber (‘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 13th floor of Pace Tower measuring 8,000 square feet. In accordance with the terms of the agreement, the Bank purchased the aforementioned floor for Rs. 116.80 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark- up along with future mark-up upon completion of certain terms and conditions. However, as at the reporting date, the Company has not handed over possession of the underlying floor and accordingly, reported balance of TFCs include principal amount along with accrued mark-up.

			2020	2019
11	**Lease liability**	*Note*	**--- (Rupees in thousand) ---**	
	Present value of lease payments	*11.1*	**179,330**	18,046
	Less: Current portion shown under current liabilities		**(42,758)**	(18,046)
			136,572	-
	Movement during the year is as follows:			
	Opening balance as at 01 July		**18,046**	18,046
	Adjustment on initial application of IFRS 16	*4.1*	**146,682**	-
	Adjusted balance as at 01 July		**164,728**	18,046
	Additions during the year		**11,089**	-
	Unwinding of notional interest		**22,390**	-
	Reclassified to accrued liabilities		**(11,819)**	
	Lease rentals paid		**(7,058)**	-
	Closing balance as at 30 June		**179,330**	18,046

11.1 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 financial statements. However the legal advisor of the Company is confident that there are meritorious grounds to defend the claim.

		Note	2020	2019
12	**Foreign currency convertible bonds - unsecured**	*Note*	**--- (Rupees in thousand) ---**	
	Opening balance		**2,805,535**	2,054,739
	Mark-up accrued during the year		**24,873**	25,892
			2,830,408	2,080,631
	Exchange loss for the year	*12.2*	**64,809**	724,904
			2,895,217	2,805,535
	Less:			
	Current maturity presented under current liabilities		**(2,895,217)**	(2,805,535)
			-	-

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 an 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. As at 30 June 2020, USD 13 million bonds have been converted into the ordinary shares of the Company and remaining USD 12 million bonds along with related interest have not been repaid by the Company.

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.

		Note	2020	2019
13	**Deferred liabilities**	*Note*	**--- (Rupees in thousand) ---**	
	Staff gratuity	*13.1*	**42,889**	42,871
	Leave encashment	*13.2*	**3,045**	3,033
			45,934	45,904

13.1 Staff gratuity

	Note	2020	2019
Balance as at 01 July		**42,871**	41,359
Included in statement of profit or loss:			
Service cost		**11,178**	6,269
Interest cost		**5,553**	3,479
		16,731	9,748
Included in statement of comprehensive income:			
Remeasurements:			
Actuarial loss from changes in financial assumptions		**(597)**	542
Experience adjustments		**(8,315)**	(3,382)
		(8,912)	(2,840)
Other:			
Benefits due but not paid (payable)		**(6,823)**	(4,941)
Benefits paid		**(978)**	(455)
		(7,801)	(5,396)
Balance as at 30 June		**42,889**	42,871

Charge for the year has been allocated as follows:

	Note	2020	2019
Cost of revenue	*31.3*	**6,692**	3,899
Administrative and selling expenses	*32*	**10,039**	5,849
		16,731	9,748

Plan Assets

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

		2020	2019
13.2	**Leave encashment**	--- (Rupees in thousand) ---	
	The amounts recognised are as follows:		
	Balance as at 01 July	**3,033**	3,420
	Included in statement of profit or loss:		
	Service cost	**620**	32
	Experience adjustments	**(332)**	-
	Interest cost	**385**	282
		673	314
	Included in statement of comprehensive income:		
	Remeasurements:		
	Actuarial loss from changes in financial assumptions	**-**	-
	Experience adjustments	**-**	(114)
		-	(114)
	Other:		
	Benefits due but not paid (payable)	**(288)**	(587)
	Benefits paid	**(373)**	-
		(661)	(587)
	Balance as at 30 June	**3,045**	3,033

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

	2020		2019	
	Gratuity	**Leave encashment**	Gratuity	Leave encashment
Discount rate used for year end obligations	**8.50%**	**8.50%**	14.25%	14.25%
Expected rate of growth per annum in future salaries	**7.50%**	**7.50%**	13.25%	13.25%
Expected mortality rate	**SLIC (2001-2005) Setback 1 Year**			
Weighted average duration of defined benefit plan	**5 years**	**5 years**	5 years	5 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. 8.63 million to the unconsolidated statement of profit or loss on account of gratuity in the year ending 30 June 2021.

	2020		2019	
	Gratuity	**Leave encashment**	Gratuity	Leave encashment
13.5 Sensitivity Analysis	**--- (Rupees in thousand) ---**			
Year end sensitivity on defined benefit obligation:				
Discount rate + 100 bps	**40,684**	**2,897**	40,773	3,251
Discount rate - 100 bps	**45,391**	**3,214**	45,224	3,610
Salary increase + 100 bps	**45,564**	**3,207**	45,308	3,602
Salary increase - 100 bps	**40,564**	**2,901**	40,659	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.

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:

	2020	2019
	--- (Rupees in thousand) ---	
MCB Bank Limited	**31,755**	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	**63,825**	3,086
Others	**70,769**	52,004
	228,256	254,564

		Note	2020	2019
			--- (Rupees in thousand) ---	

15 Current maturity of long term liabilities

	Note	2020	2019
Long term finances - secured	*9*	**66,860**	27,401
Redeemable capital - secured (non-participatory)	*10*	**935,571**	935,571
Lease liability	*11*	**42,758**	18,046
Foreign currency convertible bonds - unsecured	*12*	**2,895,217**	2,805,535
		3,940,406	3,786,553

16 Creditors, accrued and other liabilities

	Note	2020	2019
Trade creditors	*16.1*	**264,511**	311,440
Provisions and accrued liabilities		**222,925**	179,036
Payable to statutory bodies		**141,117**	80,424
Advance against sale of investment property		**84,000**	-
Security deposits	*16.2*	**51,818**	50,399
Rentals against investment property received in advance		**9,743**	4,063
Retention money		**5,661**	6,093
Payable to contractors		**2,699**	2,699
Others	*16.3*	**62,661**	43,401
		845,135	677,555

16.1 This includes payables to First Construction Limited (related party being a subsidiary of associate company) amounting to Rs. 0.09 million (2019: Rs. 0.09 million) under normal course of business and are interest free.

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.

Related parties	Relationship	2020	2019
		---(Rupees in thousand)---	
First Capital Securities Corporation	Common Directorship	**-**	78
First Capital Equities Limited	Common Directorship	**1,070**	980
		1,070	1,058

17 Accrued finance cost

	2020	2019
Long term finances - secured	**-**	21,553
Redeemable capital - secured (non-participatory)	**1,148,419**	1,015,631
Lease liability	**40,639**	40,639
	1,189,058	1,077,823

18 Contingencies and commitments

18.1 Contingencies

18.1.1 Claims against the Company not acknowledged as debts amounting to Rs.21.64 million (2019: Rs.21.64 million).

18.1.2 On 10 October 2017, the Company filed a petition against Damas (the tenant at the M.M 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.

18.1.3 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. 99.89 million along with insurance premium payable amounting to Rs. 88.86 million from First Capital Group shall be settled vide sale of 4.70 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. 57.96 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 07 March 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. 188.75 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Company is of Rs. 57.96 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. 101.28 million (2019: Rs. 115.69 million) and Capital Heights (Private) Limited, amounts to Rs. Nil (2019: Rs. 74.51 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 (2019: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
19 Property, plant and equipment			
Operating fixed assets	*19.1*	**440,226**	439,657
Capital work in progress	*19.2*	**31,740**	28,807
Right-of-use assets	*19.3*	**129,298**	-
		601,264	468,464

19.1 Operating fixed assets

	Freehold land *	Freehold 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 2020											
Opening net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Additions (at cost)	-	-	-	-	-	25,000	-	-	-	3,950	28,950
Disposals	-	-	-	-	-	-	-	-	-	(1,224)	(1,224)
Depreciation charge	-	-	(4,876)	(5,428)	(2,032)	(11,319)	(235)	(316)	(69)	(2,882)	(27,157)
Closing net book value	155,152	-	92,633	43,293	18,296	114,366	2,110	2,847	141	11,388	440,226
Gross carrying value basis											
As at June 2020											
Cost	155,152	-	179,469	179,122	85,795	192,588	11,683	11,801	10,087	58,371	884,068
Accumulated depreciation	-	-	(86,836)	(135,829)	(67,498)	(78,222)	(9,572)	(8,955)	(9,947)	(46,983)	(443,842)
Net book value	155,152	-	92,633	43,293	18,297	114,366	2,111	2,846	140	11,388	440,226
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
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
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%	

* Freehold land represents the uncovered area of Main Boulevard Project, M.M 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 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 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 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 15 May 2007.

*** Building on leasehold land represents 8,227 square feet (2019: 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.

19.1.1 Particulars of immovable property (i.e. land and building) in the name of 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-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.

19.1.2 The Company has not made disposals of operating fixed assets with aggregate book value exceeding five million rupees.

19.1.3 Operating fixed assets includes a vehicle, having cost of Rs. 1.39 million (2019: Rs. 1.39 million), which is fully depreciated but still in use as at 30 June 2020.

19.2 This represents Rs. 29.52 million related to the 3rd floor of Pace Tower, covering an area of 4,170 square feet and Rs. 1.92 million related to M.M Alam plaza lower ground floor covering an area of 6,000 square feet, both of which are under construction and are to be held for use.

		Note	2020	2019
19.3	**Right-of-use assets**		--- (Rupees in thousand) ---	
	Land			
	Cost			
	Balance as at 01 July		-	-
	Adjustment on initial application of IFRS 16	*4.1*	**119,496**	-
	Adjusted balance at 01 July 2019		**119,496**	-
	Additions / (deletions) during the year		-	-
	Balance as at 30 June		**119,496**	-
	Accumulated depreciation			
	Balance as at 01 July		-	-
	Depreciation charge during the year		**(4,770)**	-
	Balance as at 30 June		**(4,770)**	-
	Closing net book value		**114,726**	-
	Rate of depreciation		**4%**	-
	Electrical equipment			
	Cost			
	Balance as at 01 July		-	-
	Adjustment on initial application of IFRS 16		-	-
	Adjusted balance at 01 July 2019		-	-
	Additions / (deletions) during the year		**15,339**	-
	Balance as at 30 June		**15,339**	-
	Accumulated depreciation			
	Balance as at 01 July		-	-
	Depreciation charge during the year		**(767)**	-
	Balance as at 30 June		**(767)**	-
	Closing net book value		**14,572**	-
	Rate of depreciation		**10%**	-

19.4 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
Cost of revenue	*31.3*	**22,766**	13,527
Administrative and selling expenses	*32*	**9,928**	12,527
		32,694	26,054

20 Intangible assets

	Note	2020	2019
Optical fiber	*20.1*	**3,685**	4,161
Computer software	*20.2*	**323**	358
		4,008	4,519

20.1 Optical fiber

	2020	2019
Cost	**9,508**	9,508
<u>Accumulated amortisation</u>		
As at 01 July	**5,347**	4,871
Amortisation for the year	**476**	476
Balance as at 30 June	**5,823**	5,347
Book value as at 30 June	**3,685**	4,161
Rate of amortisation	**5%**	5%

20.2 Computer software

	2020	2019
Cost	**2,878**	2,878
<u>Accumulated amortisation</u>		
As at 01 July	**2,520**	2,480
Amortisation for the year	**35**	40
Balance as at 30 June	**2,555**	2,520
Book value as at 30 June	**323**	358
Rate of amortisation	**10%**	10%

21 Investment property

	Cost		Fair value	
	2020	2019	**2020**	2019
	--------------------------(Rupees in thousand)---------------------------			
Balance as at 01 July	**730,182**	730,182	**1,668,741**	1,662,942
Recognition of right-of-use assets on initial application of IFRS 16	**27,186**	-	**27,186**	-
Fair value gain on initial recognition of right-of-use assets	**-**	-	**38,426**	-
Adjusted balance as at 01 July	**757,368**	730,182	**1,734,353**	1,662,942
Fair value gain recorded in statement of profit or loss	**-**	-	**10,898**	5,799
As at 30 June	**757,368**	730,182	**1,745,251**	1,668,741

21.1 The forced sale value of investment property excluding right-of-use asset amounts to Rs. 1,410.59 million (2019: Rs. 1,418.43 million).

Investment properties represent Company's interest in land and buildings situated at Model Town Lahore, Gulberg Lahore, Gujranwala and Gujrat. On initial application of IFRS 16, the Company recognised right-of-use asset arising as a result of head lease of shops / apartments situated at 4th floor of Model Town Lahore and 3rd and 4th floor of M.M Alam. The Company has sub-leased the aforementioned properties and right-of-use asset arising from head lease has been classified as investment property.

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.

21.1.1 Fair value

<u>Fair value hierarchy</u>

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 30 June 2020. 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. Level 3 fair value of right-of-use assets has been determined using discounted cashflow method, whereby appropriate discount rate has been adjusted to arrive at the fair value.

The following is categorization of assets measured at fair value at 30 June 2020:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Freehold land	-	137,015	-	137,015
Buildings	-	-	1,522,498	1,522,498
Right-of-use assets	-	-	85,738	85,738
	-	137,015	1,608,236	1,745,251

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

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
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 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.
Right-of-use asset	Discount rate being used to discount the future cashflows.	The estimated fair value will increase / (decrease) if discounting rates were lower / (higher)

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
22 Long term investments			
Equity instruments of:			
- subsidiaries - unquoted	*22.1*	**91,670**	91,670
- associated undertakings - unquoted	*22.2*	**758,651**	758,651
		850,321	850,321

22.1 Subsidiaries - unquoted

	2020	2019
Pace Woodlands (Private) Limited 3,000 (2019: 3,000) fully paid ordinary shares of Rs.10 each Equity held 52% (2019: 52%)	**30**	30
Pace Super Mall (Private) Limited 9,161,528 (2019: 9,161,528) fully paid ordinary shares of Rs.10 each Equity held 57% (2019: 57%)	**91,615**	91,615
Pace Gujrat (Private) Limited 2,450 (2019: 2,450) fully paid ordinary shares of Rs.10 each Equity held 100% (2019: 100%)	**25**	25
	91,670	91,670

22.2 Associate - unquoted

	2020	2019
	--- (Rupees in thousand) ---	
Pace Barka Properties Limited 75,875,000 (2019: 75,875,000) fully paid ordinary shares of Rs. 10 each		
Equity held: 24.86% (2019: 24.86%)	**758,651**	758,651

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:

	2020	2019
	--- (Rupees in thousand) ---	
Accelerated tax depreciation	**195,954**	201,885
Right-of-use assets and lease liability	**(22,912)**	-
Employee retirement benefits	**(13,321)**	(13,312)
Provision for net realisable value	**(9,569)**	(6,718)
Provision for doubtful receivables	**(78,103)**	(55,695)
Deferred cost	**(64)**	(75)
Unused tax losses	**(71,985)**	(126,085)
	-	-

The Company has not recognised deferred tax assets of Rs.233.65 million (2019: Rs. 281.15 million) in respect of tax losses, Rs. 146.56 million (2019: Rs. 210.22 million) in respect of unrealised exchange loss and Rs.90.12 million (2019: Rs. 93.88 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.4.13 million, Rs.4.16 million, Rs.4.25 million and Rs.9.22 million will lapse in the year 2020, 2021, 2022 and 2023 respectively. Alternate Corporate Tax ('ACT') paid under section 113 C of Income Tax Ordinance, 2001 aggregating to Rs.51.06 million and Rs.16.05 million will lapse in the year 2026 and 2027, respectively. Tax losses amounting to Rs.304.69 million, Rs. 15.68 and Rs.72.71 million will expire in year 2021, 2025 and 2026, respectively.

25 Stock-in-trade

	Note	2020	2019
		--- (Rupees in thousand) ---	
Land not under development	*25.1*	**21,600**	21,600
Land purchased for resale	*25.2*	**930,765**	930,765
Work in progress			
Pace Tower	*25.3*	**626,269**	600,317
Pace Circle	*25.4*	**699,140**	687,054
Completed units - shops		**542,244**	549,753
		2,820,018	2,789,489
Stores inventory		**1,161**	737
		2,821,179	2,790,226

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. 930.77 (2019: Rs. 930.77 million).

25.3 Included in work in progress are borrowing costs of Rs. 101 million (2019: Rs. 101 million).

25.4 Pace Circle is a project carried by Pace Barka (Private) Limited (an associated 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 2020 as its inventory while remaining amount is shown in commitments note. The payments made during the year amounted to Rs. 14.41 million and has been made part of inventory.

		2020	2019
		--- (Rupees in thousand) ---	
26	**Trade debts**		
	Secured		
	Considered good	**406,985**	424,753
	Unsecured		
	Considered doubtful	**269,321**	180,848
		676,306	605,601
	Less: Impairment allowance	**(269,321)**	(180,848)
		406,985	424,753

26.1 This includes the following amounts due from related parties:

	2020	2019
Rema & Shehrbano	**1,595**	185
First Capital Investment Limited & First Capital Mutual Fund	**1,847**	504
First Capital Equities Limited	**2,238**	1,596
First Capital Securities Corporation Limited	**6,881**	6,881
Connatural Cosmetics	**494**	181
	13,055	9,347

26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 13.04 million (2019: Rs. 10.63 million).

27 Advances, deposits, prepayments and other receivables

	Note	2020	2019
		--- (Rupees in thousand) ---	
Advances - considered good:			
- to employees	*27.1*	**17,155**	16,124
- to suppliers	*27.2*	**91,956**	118,460
Advance against purchase of property	*27.3*	**251,281**	221,567
Security deposits	*27.4*	**12,285**	12,285
Receivable against sale of investment property		**99,979**	99,979
Others - considered good	*27.5*	**20,589**	9,244
		493,245	477,659

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. 2.80 million (2019: Rs. 1.80 million) advance given to executive employee of the Company.

27.2 This includes the following amounts due from related parties:

	2020	2019
	--- (Rupees in thousand) ---	
Ever Green Water Valley (Private) Limited	**74,988**	65,386
World Press (Private) Limited	**447**	447
	75,435	65,833

27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 99.65 million (2019: Rs. 80.30 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. 251.28 million (2019: Rs. 221.57 million).

27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.50 million against assets acquired under 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. 18.60 million (2019: Rs. 7.80 million). The amount also includes impairment allowance of Rs.19.42 million (2019: Rs. 19.42 million) recognised in the current year.

28 Income tax refundable - net

		2020	2019
	Note	**--- (Rupees in thousand) ---**	
Income tax refundable	*28.1*	**124,406**	112,473
Provision for taxation - current		**(100,561)**	(97,510)
		23,845	14,963

28.1 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.

29 Cash and bank balances

		2020	2019
	Note	**--- (Rupees in thousand) ---**	
Cash in hand		**218**	707
Cash at banks			
- Current accounts	*29.1*	**22,358**	164,467
- Saving accounts	*29.2*	**549**	219
		22,907	164,686
		23,125	165,393

29.1 This includes Rs. 20 million (2019: Rs. 100 million) 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 4% to 8% (2019: 3% to 10%) per annum.

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
30 Revenue			
Development services	*30.1*	**82,336**	339,407
Display of advertisements		**24,504**	33,494
Service charges - net	*30.2*	**90,444**	30,562
Revenue from contract with customers		**197,284**	403,463
Other revenue			
Rental income from lease of investment property		**46,840**	53,017
Total revenue		**244,124**	456,480

30.1 Development services recognised at percentage of completion basis

	2020	2019
	--- (Rupees in thousand) ---	
Revenue recognised to date	**1,662,168**	1,579,832
Aggregate cost incurred to date	**(1,407,829)**	(1,357,057)
Recognised profit to date	**254,339**	222,775

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. 82.34 million (2019: Rs. 339.41 million). Rs. Nil (2019: Rs. 441 million) was 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:

	2020	2019
	--- (Rupees in thousand) ---	
Insurance	**798**	3,021
Fuel and power	**86,626**	107,938
Janitorial and security charges	**8,371**	13,258
	95,795	124,217

30.3 Disaggregation of revenue by:

Timing of revenue recognition		
Over time	**197,284**	403,463

30.4 Contract balances

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

	Note	2020	2019
		--- (Rupees in thousand) ---	
Receivables, which are included in trade debts	*26*	**676,306**	605,601
Contract liability	*30.4.1 & 14*	**228,256**	254,564

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

31 Cost of revenue

	Note	2020	2019
		--- (Rupees in thousand) ---	
Shops and commercial buildings sold			
- at percentage of completion basis	*31.1*	**50,772**	236,564
- at completion of project basis	*31.2*	**-**	-
Write down value to inventory to net realisable value		**9,829**	23,166
Stores operating expenses	*31.3*	**117,073**	86,745
		177,674	346,475

31.1 Shops / apartments and commercial buildings sold at percentage of completion basis

	2020	2019
Opening work in progress	**600,317**	603,998
Purchase of inventory	**58,273**	171,485
Project development costs	**-**	76,431
Property disposed / settled against loans	**-**	(15,033)
Closing work in progress	**(626,269)**	(600,317)
Cost of shops / apartments and commercial buildings sold during the year	**32,321**	236,564

31.2 Shops / apartments and commercial buildings sold at completion of project basis

	2020	2019
	--- (Rupees in thousand) ---	
Opening inventory of shops and houses	**1,480,518**	755,991
Purchased during the year	**-**	155,693
Transfer from advances and prepayments	**-**	592,000
Write down of inventory to net realisable value	**(7,509)**	(23,166)
Closing inventory of shops	**(542,244)**	(549,753)
Closing inventory of land	**(930,765)**	(930,765)
	-	-

		Note	2020	2019
			--- (Rupees in thousand) ---	
31.3	**Stores operating expenses**			
	Salaries, wages and benefits	*31.3.1*	**43,012**	43,196
	Rent, rates and taxes		**30**	8,986
	Depreciation on owned assets	*19.4*	**17,229**	13,527
	Depreciation on right-of-use assets	*19.4*	**5,537**	-
	Repairs and maintenance		**10,162**	10,503
	Others		**41,103**	10,533
			117,073	86,745

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

	Note	2020	2019
		--- (Rupees in thousand) ---	
Current service cost		**4,719**	2,520
Interest cost		**2,242**	1,504
		6,961	4,024

32 Administrative and selling expenses

	Note	2020	2019
Salaries, wages and benefits	*32.1*	**60,772**	54,628
Travelling and conveyance		**4,968**	2,641
Rent, rates and taxes		**-**	205
Insurance		**489**	1,958
Printing and stationery		**368**	701
Repairs and maintenance		**4,420**	2,835
Motor vehicles running		**1,530**	4,289
Communications		**3,091**	2,982
Advertising and sales promotion		**353**	247
Depreciation on owned assets	*19.4*	**9,928**	12,527
Amortisation on intangible assets	*20*	**511**	516
Auditors' remuneration	*32.2*	**3,842**	3,200
Legal and professional		**35,597**	4,027
Commission on sales		**17,177**	44,113
Office expenses		**18,676**	14,528
Other expenses		**2,069**	12,604
		163,791	162,001

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

	2020	2019
	--- (Rupees in thousand) ---	
Current service cost	**7,079**	3,781
Interest cost	**3,364**	2,257
	10,443	6,038

32.2 Auditors' remuneration

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

	Note	2020	2019
		--- (Rupees in thousand) ---	
Statutory audit		**2,200**	2,000
Half yearly review		**770**	700
Audit of consolidated financial statements		**220**	200
Statutory certification		**110**	100
Out of pocket expenses		**542**	200
		3,842	3,200

33 Other income

	Note	2020	2019
Income from financial assets			
Mark-up on bank accounts		**100**	720
Commission on guarantee	*33.1*	**1,238**	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		**988**	-
Others			
Gain on settlement of loans		**32,074**	-
Income from parking and storage		**6,018**	6,627
Miscellaneous Income		**1,729**	-
Others		**1,190**	932
		43,337	9,517

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

34 Finance cost

	2020	2019
	--- (Rupees in thousand) ---	
Interest and mark-up on:		
- *Long term finances - secured*	**1,279**	3,681
- *Foreign currency convertible bonds - unsecured*	**24,873**	25,892
- *Redeemable capital - secured (non-participatory)*	**145,521**	101,839
- *Interest expense on unwinding of Pak Iran Joint Investment Company*	**8,693**	4,036
- *Notional interest on lease liability*	**17,833**	946
	198,199	136,394
Liquidated damages due to default of Pak Iran loan	**5,570**	-
Bank charges and processing fee	**1,690**	1,917
	205,459	138,311

	2020	2019
	--- (Rupees in thousand) ---	

35 Taxation

Current:		
- For the year	**3,051**	6,433

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2019: Minimum Tax under section Section 113 of Income Tax Ordinance, 2001.

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

	2020 %	2019 %
Loss before taxation	**(394,828)**	(922,819)
Average effective tax rate	**0.77**	0.69
Applicable tax rate	**29.00**	29.00
Tax effect of amounts that are:		
Non deductible expenses	**(4.15)**	(0.30)
Income not chargeable to tax	**(9.57)**	(1.30)
Minimum tax u/s 113 for the year	**0.77**	0.70
Current year losses for which no deferred tax asset is recognised	**(15.28)**	(27.40)
	(28.23)	(28.30)
Average effective tax rate	**0.77**	0.70

For the purposes of current taxation, the tax losses available for carry forward as at 30 June 2020 are estimated approximately at Rs. 1,042.20 million (2019: Rs. 969.49 million).

36 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 2020 (2019: Nil).

	2020	2019
	--- (Rupees in thousand) ---	
Loss for the year	**(397,879)**	(929,252)
Weighted average number of ordinary shares outstanding during the year	**278,877**	278,877

	Note	2020	2019
		--- (Rupees in thousand) ---	

37 Cash (used in) / generated from operations

	Note	2020	2019
Loss before tax		**(394,828)**	(922,819)
Adjustment for:			
Exchange loss on foreign currency convertible bonds	*12.2*	**64,809**	724,904
Provision for gratuity and leave encashment	*13.1 & 13.2*	**17,404**	10,062
Depreciation on owned assets	*19.4*	**27,157**	26,054
Depreciation on right-of-use assets	*19.4*	**5,537**	-
Amortisation on intangible assets	*20*	**511**	516
Changes in fair value of investment property	*21*	**(49,324)**	(5,799)
Impairment loss on trade debts and other receivables		**88,473**	8,250
Write down of inventory to net realisable value	*31.2*	**9,829**	23,166
Finance costs	*34*	**198,199**	136,394
Mark-up income	*33*	**(100)**	(720)
Gain on sale of property, plant and equipment		**(988)**	-
Gain on settlement of loans		**(32,074)**	-
(Loss) / gain before working capital changes		**(65,395)**	8
Effect on cash flow due to working capital changes:			
Increase in stock-in-trade		**(41,084)**	(223,410)
(Increase) / decrease in trade debts		**(70,705)**	25,533
(Increase) / decrease in advances, deposits and other receivables		**(19,836)**	119,492
(Decrease) / increase in contract liability		**(26,309)**	121,787
Increase in creditors, accrued and other liabilities		**150,577**	154,467
		(7,357)	197,869
		(72,752)	197,877

38 Cash and cash equivalents

	Note	2020	2019
Cash and bank balances	*29*	**23,125**	165,393

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

	30 June 2020						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Lease liability	Foreign currency convertible bonds - unsecured	Accrued finance cost
	------------------------------ (Rupees in thousand) ----------------------------------						
Balance as at 01 July 2019	**2,788,766**	**273,265**	**77,211**	**935,571**	**18,046**	**2,805,535**	**1,077,823**
Cash flows							
Long term loan paid during the year	**-**	**-**	**(19,044)**	**-**	**-**	**-**	**(3,491)**
Repayment of lease rentals	**-**	**-**	**-**	**-**	**(7,058)**	**-**	**-**
Finance cost paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes from financing cash flows	**-**	**-**	**(19,044)**		**(7,058)**	**-**	**(3,491)**
Non-cash changes							
Exchange loss	**-**	**-**	**-**	**-**	**-**	**64,809**	**-**
Waiver of interest - Askari Bank	**-**	**-**	**-**	**-**	**-**	**-**	**(12,733)**
Waiver of interest - Soneri Bank	**-**	**-**	**-**	**-**	**-**	**-**	**(19,341)**
Lease liability recognised during the year	**-**	**-**	**-**	**-**	**157,771**	**-**	**-**
Reclassified to accrued liabilities	**-**	**-**	**-**	**-**	**(11,819)**	**-**	**-**
Finance cost/unwinding of interest expense	**-**	**-**	**8,693**	**-**	**22,390**	**24,873**	**146,800**
Total non-cash changes	**-**	**-**	**8,693**	**-**	**168,342**	**89,682**	**114,726**
Closing as at 30 June 2020	**2,788,766**	**273,265**	**66,860**	**935,571**	**179,330**	**2,895,217**	**1,189,058**

	30 June 2019						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Lease liability	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
Cash flows							
Long term loan paid during the year	-	-	(5,300)	-	-	-	-
Settlements	-	-	-	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(5,300)	-	-	-	-
Non-cash changes							
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

40 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 43. 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	2020	2019
			--- (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	**1,401**	2,084
		Rental income	**2,232**	3,863
		Receipts against Pace Circle	**-**	2,804
		Purchase of inventory	**14,406**	91,000
First Capital Securities Corporation Limited	**Common Directorship**	Receipts against sale of investment property	**-**	400,000
		Service charges	**-**	3,057
First Capital Investment Limited	**Common Directorship**	Rental income	**-**	672
		Shared expenses charged by the Company	**653**	1,025
Ever Green Water Valley (Private) Limited	**Common Directorship**	Purchase of property, plant and equipment	**-**	42,000
		Advance against purchase of land	**33,665**	221,567
		Purchase of goods and services	**148,536**	51,158
		Shared expenses charged by the Company	**653**	1,025
First Capital Equities Limited	**Common Directorship**	Proceed against sales of property other than investment property	**-**	35,845
		Rental income	**643**	643
		Advances received against sale of property other than investment property	**38,000**	-
		Purchases	**90**	280
		Shared expenses charged by the Company	**651**	1,025
Media Times Limited	**Common Directorship**	Rental income	**15,562**	14,148
		Purchase of goods and services	**3,889**	1,398
Rema and Shehrbano	**Common Directorship**	Service charges	**2,396**	2,412
Connatural	**Common Directorship**	Service charges	**1,370**	1,370
Post Employment Benefit Plans		Gratuity and leave encashment	**2,151**	1,275

41 Financial instruments

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.

41.1 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	**2020**	2019
		--- (Rupees in thousand) ---	
Long term advances and deposits		**13,619**	13,619
Trade debts	*26*	**406,985**	424,753
Advances, deposits, prepayments and other receivables		**150,008**	137,632
Bank balance	*29*	**22,907**	164,686
		593,519	740,690

Trade receivables

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

The ageing of trade debts against properties including related parties at reporting date is as follows:

	2020		2019	
	Gross	**Impairment**	Gross	Impairment
	(Rupees in thousand)			
- Past due 0 - 365 days	**-**	-	-	-
- 1 - 2 years	**8,728**	-	33,307	-
- More than 2 years	**398,257**	-	391,446	-
	406,985	-	424,753	-

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.

Bank balances

The Company held bank balances of Rs. 22.91 million at 30 June 2020 (2019: Rs. 164.69 million).

Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of impairment allowance at 30 June 2020 is Nil. (2019: Nil)

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 Short term	Rating Long term	Rating Agency	2020	2019
				--- (Rupees in thousand) ---	
Bank Islamic Pakistan Limited	A-1	A+	PACRA	**10**	9
Allied Bank Limited	A1+	AAA	PACRA	**326**	42
Soneri Bank Limited	A1+	AA-	PACRA	**9**	7
Silk Bank Limited	A-2	A-	JCR-VIS	**80**	72
Bank Alfalah Limited	A-1+	AA+	PACRA	**96**	14
Al Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	**23**	7
Askari Bank Limited	A1+	AA+	JCR-VIS	**6**	5
Faysal Bank Limited	A-1+	AA	PACRA	**59**	590
United Bank Limited	A-1+	AAA	JCR-VIS	**6**	6
Habib Bank Limited	A-1+	AAA	JCR-VIS	**1**	2
MCB Bank Limited	A-1+	AAA	PACRA	**22,291**	163,932
				22,907	164,686

41.2 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.

	2020				
	Carrying amount	**Contractual cashflows**	**One year or less**	**One to five years**	**More than five years**
	--- (Rupees in thousand) ---				
Long term finances - secured	**66,860**	**66,860**	**66,860**	**-**	**-**
Redeemable capital - secured (non-participatory)	**935,571**	**935,571**	**935,571**	**-**	**-**
Lease liability	**179,330**	**778,617**	**22,762**	**106,437**	**649,418**
Foreign currency convertible bonds - unsecured	**2,895,217**	**2,895,217**	**2,895,217**	**-**	**-**
Creditors, accrued and other liabilities	**845,135**	**845,135**	**845,135**	**-**	**-**
Accrued finance cost	**1,189,058**	**1,189,058**	**1,189,058**	**-**	**-**
	6,111,171	**6,710,458**	**5,954,603**	**106,437**	**649,418**

	2019				
	Carrying amount	Contractual cashflows	One year or less	One to five years	More than five years
	Rupees				
Long term finances - secured	77,211	77,211	27,401	49,810	-
Redeemable capital - secured (non-participatory)	935,571	935,571	935,571	-	-
Lease liability	18,046	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,805,535	2,805,535	2,805,535	-	-
Creditors, accrued and other liabilities	677,555	677,555	677,555	-	-
Accrued finance cost	1,077,823	1,077,823	1,077,823	-	-
	5,591,741	5,591,741	5,541,931	49,810	-

41.3 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.

41.4 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.

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:

	2020	2019
Following is the Company's exposure to currency risk:	--- (USD in thousand) ---	
Foreign Currency Convertible Bonds- USD	**17,203**	17,055

The exchange rate applicable at the reporting date is 168.30 (2019: 164.50)

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. 17.20 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.

41.5 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:

		2020		2019	
		Financial asset	**Financial liability**	Financial asset	Financial liability
Non-derivative financial - instruments	*Note*	--- (Rupees in thousand) ---			
Fixed rate instruments					
Long term finances - *secured*	*9.2*	-	-	-	19,043
Foreign currency convertible bonds	*12*	-	**2,895,217**	-	2,805,535
Lease liability	*11*		**179,330**		18,046
Cash at bank		**549**	-	219	-
Variable rate instruments					
Redeemable capital - *secured*	*10*	-	**935,571**	-	935,571
		549	**4,010,118**	219	3,778,195

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 2019.

Profit or loss 100 bps			
2020		2019	
Increase	**Decrease**	Increase	Decrease
------------------------------------ **Rupees** ------------------------------------			
9,356	**(9,356)**	9,356	(9,356)

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

41.6 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).

41.7 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. The Company monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

	2020	2019
	--- (Rupees in thousand) ---	
Total liabilities	**6,385,361**	5,892,209
Less: cash and cash equivalents	**(23,125)**	(165,393)
Net debt	**6,362,236**	5,726,816
Total equity	**597,481**	986,448
Net debt to equity ratio	**10.65**	5.81

42 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:

	Note	30 June 2020					
		Carrying amount			Fair value		
		Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
		(Rupees in thousand)					
Financial instruments							
30 June 2020							
Financial assets not measured at fair value							
Long term advances and deposits		**13,619**	-	**13,619**	-	-	-
Trade debts		**406,985**	-	**406,985**	-	-	-
Advances, deposits, prepayments and other receivables		**150,008**	-	**150,008**	-	-	-
Cash and bank balances		**23,125**	-	**23,125**	-	-	-
	42.2	**593,737**	-	**593,737**	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	**66,860**	**66,860**	-	-	-
Redeemable capital - secured (non-participatory)		-	**935,571**	**935,571**	-	-	-
Lease liability		-	**179,330**	**179,330**	-	-	-
Foreign currency convertible bonds - unsecured		-	**2,895,217**	**2,895,217**	-	-	-
Creditors, accrued and other liabilities		-	**751,392**	**751,392**	-	-	-
Accrued finance cost		-	**1,189,058**	**1,189,058**	-	-	-
	42.2	-	**6,017,428**	**6,017,428**	-	-	-

42.1 Fair value measurement of financial instruments

	Note	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)					
Financial instruments							
30 June 2019							
Financial assets not measured at fair value							
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	-	-	-
	42.2	741,397	-	741,397	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	77,211	77,211	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Lease liability		-	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	-	-	-
	42.2	-	5,591,741	5,591,741	-	-	-

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

43 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					
	Chief Executive		**Executive**		**Executives**	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in thousand)					
Managerial remuneration	**7,600**	7,600	**2,726**	2,851	**5,982**	5,154
House allowance	**3,040**	3,040	**1,091**	1,140	**2,393**	2,062
Utilities	**760**	760	**272**	285	**598**	515
Staff retirement benefit- Gratuity	**950**	950	**341**	356	**667**	690
Leave encashment	**633**	1,267	**227**	434	**503**	740
	12,983	13,617	**4,657**	5,066	**10,143**	9,161
Number of persons	**1**	1	**6**	6	**4**	3

44 Number of employees

	2020	2019
Total number of employees as at 30 June	**184**	231
Average number of employees during the year	**208**	234

45 Impact of COVID - 19 on financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). As a result of the foregoing, company waived off rentals to its tenants for two months resulting in loss of income amounting to Rs. 7.81 million and the construction of Pace Tower was delayed. Other than that, management considers there was no major impact that will adversely affect its businesses, results of operations and financial condition in future period.

46 Date of authorization for issue

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

47 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:

Sr. No	**Description**	**From**	**To**	*Note*	**Amount Rs. in thousands**
1	Rental income and	Other income	Other revenue	*30*	16,135
	miscellaneous expenses	Other income	Other operating expenses		14,674

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

Pace (Pakistan) Limited

Consolidated Statement of Financial Position

As at 30 June 2020

EQUITY AND LIABILITIES	Note	2020	2019
		--- (Rupees in thousand) ---	
Share capital and reserves			
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		**(2,102,467)**	(1,682,343)
Equity attributable to owners of the Parent Company		**973,606**	1,393,730
Non-controlling interests	8	**87,030**	87,030
		1,060,636	1,480,760
Non-current liabilities			
Long term finances - secured	9	**-**	49,810
Redeemable capital - secured (non-participatory)	10	**-**	-
Lease liability	11	**136,572**	-
Foreign currency convertible bonds - unsecured	12	**-**	-
Deferred liabilities	13	**45,934**	45,904
Deferred taxation	14	**45,560**	51,045
		228,066	146,759
Current liabilities			
Contract liability	15	**229,256**	255,564
Current maturity of long term liabilities	16	**3,940,406**	3,786,553
Creditors, accrued and other liabilities	17	**882,185**	714,530
Accrued finance cost	18	**1,189,058**	1,077,823
		6,240,905	5,834,470
Contingencies and commitments	19		
		7,529,607	7,461,989

ASSETS	Note	2020	2019
		--- (Rupees in thousand) ---	
Non-current assets			
Property, plant and equipment	20	**601,264**	468,464
Intangible assets	21	**4,008**	4,519
Investment property	22	**1,745,251**	1,668,741
Investment in equity-accounted investee	23	**1,062,381**	1,098,948
Long term advances and deposits	24	**15,248**	15,248
		3,428,152	3,255,920
Current assets			
Stock-in-trade	25	**3,154,179**	3,123,226
Trade debts	26	**406,985**	424,753
Advances, deposits, prepayments and other receivables	27	**493,245**	477,659
Income tax refundable	28	**23,898**	15,015
Cash and bank balances	29	**23,148**	165,416
		4,101,455	4,206,069
		7,529,607	7,461,989

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Pace (Pakistan) Limited

Consolidated Statement of Profit or Loss

For the year ended 30 June 2020

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Revenue	*30*	**244,124**	456,480
Cost of revenue	*31*	**(177,674)**	(346,475)
Gross profit		**66,450**	110,005
Administrative and selling expenses	*32*	**(163,866)**	(162,076)
Impairment loss on trade and other receivables including bank balances		**(88,473)**	(8,661)
Other income	*33*	**43,337**	9,517
Other operating expenses		**(31,407)**	(14,674)
Loss from operations		**(173,959)**	(65,889)
Finance cost	*34*	**(205,459)**	(138,311)
Exchange loss on foreign currency convertible bonds	*12.2*	**(64,809)**	(724,904)
Gain from change in fair value of investment property		**49,324**	5,799
Share of loss from equity-accounted investee - net of tax		**(36,088)**	(27,498)
Loss before taxation		**(430,991)**	(950,803)
Taxation	*35*	**2,434**	7,702
Loss for the year		**(428,557)**	(943,101)
Attributable to:			
Owners of the Parent Company		**(428,557)**	(942,907)
Non-controlling interests		-	(194)
		(428,557)	(943,101)
Loss per share - basic and diluted	*36*	**(1.54)**	(3.38)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Pace (Pakistan) Limited

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	2020	2019
	--- (Rupees in thousand) ---	
Loss for the year	**(428,557)**	(943,101)
<u>Other comprehensive loss for the year</u>		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement of net defined benefit liability	**8,912**	2,954
Share of loss in associate's defined benefit obligation	**(479)**	-
Total comprehensive loss for the year	**(420,124)**	(940,147)
Attributable to:		
Owners of the Parent Company	**(420,124)**	(939,953)
Non-controlling interests	**-**	(194)
	(420,124)	(940,147)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Pace (Pakistan) Limited

Consolidated Statement of Changes In Equity

For the year ended 30 June 2020

	Capital reserve			Revenue reserve			
	Issued, subscribed and paid-up capital	**Share premium**	**Share in reserves of associate**	**Accumulated loss**	**Total equity attributable to owners of the Parent Company**	**Non-controlling Interests**	**Total equity**
	---			**(Rupees in thousand)**	---		
As at 01 July 2018	2,788,766	273,265	14,042	(742,390)	2,333,683	87,224	2,420,907
Total comprehensive loss for the year ended 30 June 2019							
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**
Total comprehensive loss for the year ended 30 June 2020							
Loss after taxation	-	-	-	(428,557)	(428,557)	-	**(428,557)**
Other comprehensive income	-	-	-	8,433	8,433	-	**8,433**
	-	**-**	**-**	**(420,124)**	**(420,124)**	**-**	**(420,124)**
Balance as at 30 June 2020	**2,788,766**	**273,265**	**14,042**	**(2,102,467)**	**973,606**	**87,030**	**1,060,636**

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

Pace (Pakistan) Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
		--- (Rupees in thousand) ---	
Cash flows from operating activities			
Cash (used in) / generated from operations	*37*	**(72,752)**	198,839
Gratuity and leave encashment paid		**(1,351)**	(455)
Taxes paid		**(11,934)**	(17,131)
Net cash (used in) / generated from operating activities		**(86,037)**	181,253
Cash flow from investing activities			
Purchase of property, plant and equipment		**(28,950)**	(42,359)
Proceeds from sale of investment property		**2,212**	-
Long term deposits given during the year		**-**	(998)
Income on bank deposits received		**100**	720
Net cash used in investing activities		**(26,638)**	(42,637)
Cash flow from financing activities			
Long term loan paid during the year		**(22,535)**	(5,300)
Payments of lease liability		**(7,058)**	-
Net cash used in financing activities		**(29,593)**	(5,300)
Net increase in cash and cash equivalents		**(142,268)**	133,316
Cash and cash equivalents - at beginning of the year		**165,416**	32,100
Cash and cash equivalents - at end of the year	*38*	**23,148**	165,416

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

1 The Group and its operations

The Group comprises of :	*Note*	**2020**	2019
		(Direct holding percentage)	
Parent Company			
Pace (Pakistan) Limited	*1.1*		
Subsidiary Companies			
Pace Gujrat (Private) Limited	*1.2*	**100%**	100%
Pace SuperMall (Private) Limited	*1.3*	**56.79%**	56.79%
Pace Woodland (Private) Limited	*1.4*	**52%**	52%
Associate Company			
Pace Barka Properties 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,
7	Pace Towers	27 -H College Road Gulberg II Lahore

1.2 Pace Gujrat (Private) Limited

Pace Gujrat (Private) Limited (a subsidiary company) was incorporated on 08 July 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 Mall, 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.

1.3 Pace Supermall (Private) Limited

Pace Supermall (Private) Limited (a subsidiary company) was incorporated on 27 March 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 company) was incorporated in Pakistan on 27 July 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. 430.99 million (2019: Rs. 950.80 million). Decrease in loss is mainly driven by exchange loss of Rs. 64.81 million in 2020 versus Rs. 724.90 million in 2019 on the foreign currency convertible bonds issued by the Parent Company.

At the reporting date, current liabilities of the Group have exceeded its current assets by Rs. 2,139.45 million (2019: Rs. 1,628.40 million), and accumulated losses of the Group stand at Rs. 2,102.47 million (2019: Rs. 1,682.34 million). Due to liquidity issues 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. The construction activity on the project has also been very slow due to unavailability of enough financial resources causing a delay in the completion of Pace Tower, total estimated cost of completion of Pace Tower is Rs. 321.06 million. These conditions indicated the existence of a material uncertainty related to events or conditions that may cast significant doubts on the Group’s ability to continue as a going concern and, therefore, it may be unable to realize it assets and discharge its liabilities in the normal course of business.

The management has prepared an assessment which covers at least twelve months from the reporting date and believes that the following measures, if implemented effectively, will generate sufficient financial resources for the continuing operations:

The management is continuously engaged with its lenders for settlements of Group’s borrowings. As per various settlement agreements entered into with the term finance certificates (TFC) holders, management expects a waiver of markup amounting to Rs. 198.33 million. Moreover, the Parent Company has entered into a settlement agreement with Bank of Khyber against 13th floor of Pace Tower measuring 8,000 square feet as explained in note 10.3.

As explained in note 46, construction of Pace Tower was delayed due to lockdown imposed during the strain of COVID-19, however the management is confident that it will complete Pace Tower Project by the end of 2022 and is actively engaged to find buyers for the sale of remaining floors/ apartments in Pace Tower. Management is also taking necessary steps for the completion and sale of Pace Circle.

Group has saleable inventory in the form of different properties for which the management is actively looking for the buyers and has devised a strategy for sale of the inventory, management is expected to generate Rs. 3,800 million over the period of five year. The proceeds from these sales will help to improve the operating cash flows of the Group and to settle its obligations.

Furthermore, the Chief Executive, Mrs. Aamna Taseer and Directors, Mr. Shahbaz Ali Taseer and Shehryar Ali Taseer have jointly provided a letter of support dated 6 October 2020 to the Parent Company wherein they have committed to support the Parent Company to continue as a going concern.

Accordingly, these financial statements have been 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 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 2020.

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.

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

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 associates.

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 on present value

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 policy

The Group has initially applied IFRS 16 which is effective for annual periods beginning on or after 01 January 2019. 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.

4.1 IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position as right of use assets.

The Group has applied IFRS 16 using the modified retrospective approach as at 01 July 2019. Accordingly, the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

As a lessee

As a lessee, the Group has leased electrical equipment which includes solar panels and immovable property which includes land and various shops / apartment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for the leases except for short term leases or lease for which the underlying asset is of low value.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01 July 2019. IFRS 16 (B2) allows entity to combine two or more contracts with similar terms and conditions. While calculating lease liability and right of use asset, Group has combined certain lease agreements with similar lease terms and lease commencement dates. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date.

The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

Impact on financial statements

Impact on transition

The impact on transition at 01 July 2019 is summarized below:

	Impact of adopting IFRS 16 as at 01 July
	(Rupees in thousand)
Right-of-use assets - property plant and equipment	119,496
Right-of-use assets - investment property	27,186
Lease liability	146,682

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 01 July 2019. The incremental borrowing rate applied is 15.65%.

Reconciliation of operating lease commitments under IAS 17 with lease liabilities at the date of transition:

	01 July 2019
	(Rupees in thousand)
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Group's financial statements	737,365
Discounted using the incremental borrowing rate at 01 July 2019	146,682
Finance lease liabilities recognized as at 01 July 2019	18,046
Lease liabilities recognized at 01 July 2019	164,728

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 2019 other than those disclosed in note 4, 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

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 2020:

- 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 01 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.

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 01 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 crystallize. 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 01 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Group shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  i. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  ii. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  iii. there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

  The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are effective from annual period beginning on or after 01 January 2022 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 Estimates:

	Note
- Provision for taxation	7.2
- Property, plant and equipment	7.3
- Intangibles	7.4
- Investment property valuation	7.5
- Stock-in-trade	7.6
- Employee benefits	7.13
- Measurement of ECL allowance for trade receivables	7.16.5
- Impairment on non-financial assets	7.17
- Contingent liabilities	7.18

6.2 Judgements:

- Costs to complete the projects	7.6
- Satisfaction of performance obligations	7.15

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

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.

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 mean 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.

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.

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

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which is stated at cost less any identified impairment losses. 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.

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.

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 20.1.

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 2020 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.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis at the rates specified in note 20.3 to the consolidated financial statements.

Capital work in progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for intended use.

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 consolidated statement of profit or loss on reducing balance method at an annual rate of 10% except optical fiber, as to write off the cost over its estimated useful life.

Optical Fiber

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

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 a 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 consolidated statement of profit or loss.

If an item of property, plant and equipment becomes an investment property because its use has been 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 consolidated 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 consolidated 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.

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 consolidated 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 amortised 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 Borrowings

Borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in ‘property, plant and equipment and investment properties’ based on their use and lease liabilities as separate line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

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 consolidated 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 consolidated statement of profit or loss.

The Group provides for accumulating compensated absences when the employees render service that increase the entitlement to future compensated absences. Under the rules all employees are entitled to 20 days leave per year, respectively. Unutilised leaves can be accumulated upto unlimited amount. Unutilised leaves can be used at any time by all employees, subject to the

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss.

7.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Group. 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.

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.

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 fair value through profit or loss ('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

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ('FVOCI') – debt investment; FVOCI – equity investment; or FVTPL.

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 recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 mount 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.

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 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.19 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.

7.20 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in consolidated 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.

7.21 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.

8 Share capital, reserves and non-controlling interests

	2020	2019	2020	2019
	--- (Rupees in thousand) ---		------ Number of shares ------	
8.1 Authorised 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
	2,788,766	2,788,766	**278,876,604**	278,876,604

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

	Basis of relationship	2020	2019
		(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
		15,104,915	15,104,915

8.4 There has been no movement in ordinary share capital issued, subscribed and paid-up during the year ended 30 June 2020.

8.5 Reserves	*Note*	2020	2019
		--- (Rupees in thousand) ---	
Share premium reserve	*8.5.1*	**273,265**	273,265
Share in reserves of associate		**14,042**	14,042
		287,307	287,307

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.

8.6 Non-controlling interests

The following table summarizes the information relating to each of the Group's subsidiaries that have a NCI.

30 June 2020
Rupees in thousands

	Pace Supermall	Pace Woodlands	Total
NCI percentage (effective ratio)	**31.2%**	**48%**	
Non-current assets	**-**	**1,630**	
Current assets	**354,600**	**56**	
Non-current liabilities	**-**	**-**	
Current liabilties	**(23,429)**	**(35,467)**	
Net assets	**331,171**	**(33,781)**	
Carrying amount of NCI	**103,325**	**(16,295)**	**87,030**
Revenue	**-**	**-**	
Loss after taxation	**-**	**-**	
Other comprehensive income	**-**	**-**	
Total comprehensive loss	**-**	**-**	
Total comprehensive loss allocated to NCI	**-**	**-**	**-**
Cash flows from operating activities	**-**	**-**	
Cash flows from investing activities	**-**	**-**	
Cash flows from financing activities	**-**	**-**	
Net movement in cash and cash equivalents	**-**	**-**	

30 June 2019
Rupees in thousands

	Pace Supermall	Pace Woodlands	Total
NCI percentage (effective ratio)	31.2%	48%	
Non-current assets	-	1,630	
Current assets	354,600	56	
Non-current liabilities	-	-	
Current liabilties	(23,429)	(35,467)	
Net assets	331,171	(33,781)	
Carrying amount of NCI	103,325	(16,295)	87,030
Revenue	-	-	
Loss after taxation	20	391	
Other comprehensive income	-	-	
Total comprehensive loss	20	391	
Total comprehensive loss allocated to NCI	6	188	194
Cash flows from operating activities	-	-	
Cash flows from investing activities	-	-	
Cash flows from financing activities	-	-	
Net movement in cash and cash equivalents	-	-	

9	**Long term finances - secured**	*Note*	**2020**	2019
			--- (Rupees in thousand) ---	
	Pak Iran Joint Investment Company	*9.1*	**66,860**	58,168
	Soneri Bank - demand finance	*9.2*	**-**	19,043
			66,860	77,211
	Less:			
	Current maturity presented under current liabilities		**(66,860)**	(27,401)
			-	49,810

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. 172.31 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. 105.45 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 M.M Alam up till repayment of the balance outstanding amount.

9.1.1 Terms of repayment

In accordance with the settlement agreement, the remaining outstanding mark-up of Rs. 66.86 million has been rescheduled and is payable over a period of 7 years with no 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:

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
As at beginning of the year		**58,168**	54,132
Unwinding of notional interest		**3,556**	4,036
Adjustment on account of default	*9.1.2.1*	**5,136**	-
As at end of the year		**66,860**	58,168

9.1.2 Security

The restructured amount is secured by mortgage amounting to the sum of Rs. 142.86 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. 66.67 million.

9.1.2.1 Default

The moratorium period as per the rescheduling agreement ended on 31 December 2019 and the first quarterly installment was due on 01 January 2020. Parent Company made a default in repayment of the installment and no repayment was made till 30 June 2020. Pace, through its letter dated 17 July 2020, requested PAIR to defer the repayment plan for 24 months. However, no response from PAIR is received yet. Accordingly, we have classified the total balance outstanding as current liability as per the requirements of IAS 1 - Presentation of Financial Statement.

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. During the year ended 30 June 2020, Parent Company made repayments amounting to Rs. 7.64 million on 16 October 2019 and Rs. 14.90 million on 07 January 2020 as final settlement of the outstanding principal and accrued markup.

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 4.09 kanals along with present and future construction thereon. As a result of the final settlement stated above, Soneri Bank released its charge on the property via no objection certificate dated 03 June 2020.

9.3 Syndicate term finance facility

In the preceding years, the Parent 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 04 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. 398.71 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. 332.11 million and waived accrued mark-up of Rs. 66.60 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 ('SA') for settlement of HBL's portion of Syndicated Term Finance Facility ('STFF') along with the accrued mark-up aggregating to Rs. 178.81 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 form the Parent Company for a consideration of Rs. 106.90 million and waived accrued mark-up of Rs. 71.91 million. Pursuant to the SA, 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 Parent Company settled the entire principal and accrued mark-up together with its portion of Syndicated Term Finance Facility 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. 398.56 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 form the Parent Company for a consideration of Rs. 242.29 million and waived accrued mark-up of Rs. 156.27 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.

		2020	2019
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 Parent Company 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% (2019: 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 through its letter (Ref No. PSX/Gen-5683) dated 19 November 2019 instructed the company to appraise them regarding measures taken for removal of default of payment of principal amount, markup and restructuring of the TFCs by 25 November 2019. Consequently, the Parent Company has submitted its reply to the Pakistan Stock Exchange on 25 November 2019 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 that a settlement proposal shared in the meeting held on 18 March 2018 with the TFC holders. However, despite the three reminders sent by the Trustee, response of the TFC holders is still pending.

The TFCs are still in the defaulter segment due to non-compliance which could result in delisting of TFCs under Pakistan Stock Exchange Regulations.

Security

The TFC's are secured by a first exclusive charge by way of equitable mortgage on the Parent 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 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. 185.93 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark- up amounting to Rs. 89.29 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.

10.3 Settlement with Bank of Khyber

On 20 December 2019, Bank of Khyber (‘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 13th floor of Pace Tower measuring 8,000 square feet. In accordance with the terms of the agreement, the Bank purchased the aforementioned floor for Rs. 116.80 million as full and final settlement. Furthermore, the Bank provided financial relief of suspended mark- up along with future mark-up upon completion of certain terms and conditions. However, as at the reporting date, the Parent Company has not handed over possession of the underlying floor and accordingly, reported balance of TFCs include principal amount along with accrued mark-up.

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
11 Lease liability			
Present value of minimum lease payments	*11.1*	**179,330**	18,046
Less: Current portion shown under current liabilities		**(42,758)**	(18,046)
		136,572	-
Movement during the year is as follows:			
Opening balance as at 01 July		**18,046**	18,046
Adjustment on initial application of IFRS 16	*4.1*	**146,682**	-
Adjusted balance as at 01 July		**164,728**	18,046
Additions during the year		**11,089**	-
Unwinding of notional interest		**22,390**	-
Reclassified to accrued liabilities		**(11,819)**	
Lease rentals paid		**(7,058)**	-
Closing balance as at 30 June		**179,330**	18,046

11.1 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 financial statements. However, as per legal advisor of the Parent Company there are meritorious grounds to defend the claim.

12 Foreign currency convertible bonds - unsecured

	Note	2020	2019
		--- (Rupees in thousand) ---	
Opening balance		**2,805,535**	2,054,739
Mark-up accrued during the year		**24,873**	25,892
		2,830,408	2,080,631
Exchange loss for the year	*12.2*	**64,809**	724,904
		2,895,217	2,805,535
Less:			
Current maturity presented under current liabilities		**(2,895,217)**	(2,805,535)
		-	-

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 an 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 Company at any time following the issue date till the maturity date at a price calculated as per terms of arrangement. As at 30 June 2020, USD 13 million bonds have been converted into the ordinary shares of the Parent Company and remaining USD 12 million bonds along with related interest have not been repaid by the Group.

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.

13 Deferred liabilities

	Note	2020	2019
		--- (Rupees in thousand) ---	
Staff gratuity	*13.1*	**42,889**	42,871
Leave encashment	*13.2*	**3,045**	3,033
		45,934	45,904

13.1 Staff gratuity

	Note	2020	2019
Balance as at 01 July		**42,871**	41,359
Included in statement of profit or loss:			
Service cost		**11,178**	6,269
Interest cost		**5,553**	3,479
		16,731	9,748
Included in statement of comprehensive income:			
Remeasurements:			
Actuarial loss from changes in financial assumptions		**(597)**	542
Experience adjustments		**(8,315)**	(3,382)
		(8,912)	(2,840)
Other:			
Benefits due but not paid (payable)		**(6,823)**	(4,941)
Benefits paid		**(978)**	(455)
		(7,801)	(5,396)
Balance as at 30 June		**42,889**	42,871

Charge for the year has been allocated as follows:

	Note	2020	2019
Cost of revenue	*31.3*	**6,692**	3,899
Administrative and selling expenses	*32*	**10,039**	5,849
		16,731	9,748

Plan Assets

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

		2020	2019
13.2	**Leave encashment**	--- (Rupees in thousand) ---	

The amounts recognised are as follows:

	2020	2019
Balance as at 01 July	**3,033**	3,420
Included in statement of profit or loss:		
Service cost	**620**	32
Experience adjustments	**(332)**	-
Interest cost	**385**	282
	673	314
Included in statement of comprehensive income:		
Remeasurements:		
Actuarial loss from changes in financial assumptions	-	-
Experience adjustments	-	(114)
	-	(114)
Other:		
Benefits due but not paid (payable)	**(288)**	(587)
Benefits paid	**(373)**	-
	(661)	(587)
Balance as at 30 June	**3,045**	3,033

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.

		2020		2019	
		Gratuity	**Leave encashment**	Gratuity	Leave encashment
13.3	**Actuarial assumptions**				
	Discount rate used for year end obligations	**8.50%**	**8.50%**	14.25%	14.25%
	Expected rate of growth per annum in future salaries	**7.50%**	**7.50%**	13.25%	13.25%
	Expected mortality rate	**SLIC (2001-2005) Setback 1 Year**			
	Weighted average duration of defined benefit plan	**5 years**	**5 years**	5 years	5 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. 8.63 million to the consolidated statement of profit or loss on account of gratuity in the year ending 30 June 2021.

13.5 Sensitivity Analysis

	2020		2019	
	Gratuity	**Leave encashment**	Gratuity	Leave encashment
Year end sensitivity on defined benefit obligat	**--- (Rupees in thousand) ---**			
Discount rate + 100 bps	**40,684**	**2,897**	40,773	3,251
Discount rate - 100 bps	**45,391**	**3,214**	45,224	3,610
Salary increase + 100 bps	**45,564**	**3,207**	45,308	3,602
Salary increase - 100 bps	**40,564**	**2,901**	40,659	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.

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 Deferred taxation

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

	2020	2019
	--- (Rupees in thousand) ---	
Accelerated tax depreciation	**195,954**	201,885
Right-of-use assets and lease liability	**(22,912)**	-
Employee retirement benefits	**(13,321)**	(13,312)
Provision for net realisable value	**(9,569)**	(6,718)
Provision for doubtful receivables	**(78,103)**	(55,695)
Deferred cost	**(64)**	(75)
Unused tax losses	**(71,985)**	(126,085)
Investment in associate	**45,560**	51,045
	45,560	51,045

The gross movement in deferred tax liability during the year is as follows:

Opening balance	**51,045**	65,180
Income for the year	**(5,485)**	(14,135)
Closing balance	**45,560**	51,045

The Parent Company has not recognised deferred tax assets of Rs. 233.65 million (2019: Rs. 281.15 million) in respect of tax losses, Rs. 146.57 million (2019: Rs. 210.22 million) in respect of unrealised exchange loss and Rs. 90.12 million (2019: Rs. 93.88 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. 4.13 million, Rs. 4.17 million, Rs. 4.26 million and Rs. 9.22 million will lapse in the year 2020, 2021, 2022 and 2023 respectively. Alternate Corporate Tax ('ACT') paid under section 113 C of Income Tax Ordinance, 2001 aggregating to Rs. 51.06 million and Rs. 16.05 million will lapse in the year 2026 and 2027, respectively. Tax losses amounting to Rs. 304.69 million, Rs. 15.68 and Rs. 72.71 million will expire in year 2021, 2025 and 2026, respectively.

15 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 2020 is as follows:

	2020	2019
	--- (Rupees in thousand) ---	
MCB Bank Limited	**31,755**	137,567
First Capital Investment Limited	**16,020**	16,020
First Capital Securities Corporation Limited	**45,887**	45,887
First Capital Equities Limited	**63,825**	3,086
Others	**71,769**	53,004
	229,256	255,564

	Note	2020	2019
		--- (Rupees in thousand) ---	

16 Current maturity of long term liabilities

	Note	2020	2019
Long term finances - secured	*9*	**66,860**	27,401
Redeemable capital - secured (non-participatory)	*10*	**935,571**	935,571
Lease liability	*11*	**42,758**	18,046
Foreign currency convertible bonds - unsecured	*12*	**2,895,217**	2,805,535
		3,940,406	3,786,553

17 Creditors, accrued and other liabilities

	Note	2020	2019
Trade creditors	*17.1*	**297,405**	344,334
Advance against sale of investment property		**84,000**	-
Rentals against investment property received in advance		**14,747**	4,063
Provisions and accrued liabilities		**223,150**	179,186
Security deposits	*17.2*	**51,818**	50,399
Payable to contractors		**2,699**	2,699
Retention money		**5,661**	6,093
Payable to statutory bodies		**141,126**	80,433
Others	*17.1*	**61,579**	47,323
		882,185	714,530

17.1 This includes payables to First Construction Limited (related party being a subsidiary of associate company) amounting to Rs. 0.09 million (2019: Rs. 0.09 million) under normal course of business and are interest free.

17.2 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.

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

Related parties	**Relationship**	**2020**	2019
		---(Rupees in thousand)---	
First Capital Securities Corporation	Common Directorship	**-**	78
First Capital Equities Limited	Common Directorship	**1,070**	980
		1,070	1,058

18 Accrued finance cost

	2020	2019
Long term finances - secured	**-**	21,553
Redeemable capital - secured (non-participatory)	**1,148,419**	1,015,631
Lease liability	**40,639**	40,639
	1,189,058	1,077,823

19 Contingencies and commitments

19.1 Contingencies

19.1.1 Claims against the Parent Company not acknowledged as debts amounting to Rs. 21.64 million (2019: Rs. 21.64 million).

19.1.2 On 10 October 2017, the Parent Company filed a petition against Damas (the tenant at the M.M 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.

19.1.3 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. 99.89 million along with insurance premium payable amounting to Rs. 88.86 million from First Capital Group shall be settled vide sale of 4.70 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. 57.96 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 07 March 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. 188.75 million in the Honorable Senior Civil Court. The case is under adjudication and the maximum exposure to the Group is of Rs. 57.96 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.

19.2 Commitments

19.2.1 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. 101.28 million (2019: Rs. 115.69 million) and Capital Heights (Private) Limited, amounts to Rs. Nil (2019: 74.51 million).

19.2.2 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 (2019: Rs. 900 million) as per the approval of shareholders through the special resolution dated 29 July 2006.

20 Property, plant and equipment

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Operating fixed assets	*20.1*	**440,226**	439,657
Capital work in process	*20.2*	**31,740**	28,807
Right-of-use assets	*20.3*	**129,298**	-
		601,264	468,464

20.1 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 2020											
Opening net book value	155,152	-	97,509	48,721	20,328	100,685	2,345	3,163	210	11,544	439,657
Additions (at cost)	-	-	-	-	-	25,000	-	-	-	3,950	28,950
Disposals	-	-	-	-	-	-	-	-	-	(1,224)	(1,224)
Depreciation charge	-	-	(4,876)	(5,428)	(2,032)	(11,319)	(235)	(316)	(69)	(2,882)	(27,157)
Closing net book value	155,152	-	92,633	43,293	18,296	114,366	2,110	2,847	141	11,388	440,226
						-	-			-	
Gross carrying value basis			-								
As at June 2020											
Cost	155,152	-	179,469	179,122	85,795	192,588	11,683	11,801	10,087	58,371	884,068
Accumulated depreciation	-	-	(86,836)	(135,829)	(67,498)	(78,222)	(9,572)	(8,955)	(9,947)	(46,983)	(443,842)
Net book value	155,152	-	92,633	43,293	18,297	114,366	2,111	2,846	140	11,388	440,226
Depreciation % per annum	0%	0%	5%	3%	10%	10%	10%	10%	33%	20%	
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
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%	

* Freehold land represents the uncovered area of Main Boulevard Project, M.M 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 15 May 2007.

*** Building on leasehold land represents 8,227 square feet (2019: 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.

20.1.1 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-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 Group are constructed / located at above mentioned freehold land.

* The covered area includes multi storey buildings.

20.1.2 The Group has not made disposals of operating fixed assets with aggregate book value exceeding five million rupees.

20.1.3 Operating fixed assets includes a vehicle, having cost of Rs. 1.39 million (2019: Rs. 1.39 million), which is fully depreciated but still in use as at 30 June 2020.

20.2 This represents Rs. 29.52 million related to the 3rd floor of Pace Tower, covering an area of 4,170 square feet and Rs. 1.92 million related to M.M Alam plaza lower ground floor covering an area of 6,000 square feet, both of which are under construction and are to be held for use.

		Note	2020	2019
20.3	**Right-of-use assets**		--- (Rupees in thousand) ---	
	Land			
	Cost			
	Balance as at 01 July		**-**	-
	Adjustment on initial application of IFRS 16	*4.1*	**119,496**	-
	Adjusted balance as at 01 July 2019		**119,496**	-
	Additions / (deletions) during the year		-	-
	Balance as at 30 June		**119,496**	-
	Accumulated depreciation			
	Balance as at 01 July		**-**	-
	Depreciation charge during the year		**(4,770)**	-
	Balance as at 30 June		**(4,770)**	-
	Closing net book value		**114,726**	-
	Rate of depreciation		**4%**	-
	Electrical equipment			
	Cost			
	Balance as at 01 July		-	-
	Adjustment on initial application of IFRS 16		-	-
	Adjusted balance at 01 July 2019		-	-
	Additions / (deletions) during the year		**15,339**	-
	Balance as at 30 June		**15,339**	-
	Accumulated depreciation			
	Balance as at 01 July		-	-
	Depreciation charge during the year		**(767)**	-
	Balance as at 30 June		**(767)**	-
	Closing net book value		**14,572**	-
	Rate of depreciation		**10%**	-

20.4 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
Cost of revenue	*31.3*	**24,555**	13,527
Administrative and selling expenses	*32*	**9,928**	12,527
		34,483	26,054

21 Intangible assets

	Note	2020	2019
Optical fiber	*21.1*	**3,685**	4,161
Computer software	*21.2*	**323**	358
		4,008	4,519

21.1 Optical fiber

	2020	2019
Cost	**9,508**	9,508
Accumulated amortisation		
As at 01 July	**4,161**	4,637
Amortisation for the year	**(476)**	(476)
Balance as at 30 June	**3,685**	4,161
Rate of amortisation	**5%**	5%

21.2 Computer software

	2020	2019
Cost	**2,878**	2,878
Accumulated amortisation		
As at 01 July	**358**	398
Amortisation for the year	**(35)**	(40)
Balance as at 30 June	**323**	358
Rate of amortisation	**10%**	10%

22 Investment property

	Cost		Fair value	
	2020	2019	**2020**	2019
	(Rupees in thousand)			
Balance as at 01 July	**730,182**	730,182	**1,662,942**	1,662,942
Recognition of right-of-use assets on initial application of IFRS 16	**27,186**	-	**27,186**	-
Fair value gain on initial recognition of right-of-use assets	**-**	-	**38,426**	-
Adjusted balance as at 01 July	**757,368**	**730,182**	**1,728,554**	1,662,942
Fair value gain / (loss) recognised in the statement of profit or loss	**-**	-	**10,898**	5,799
As at 30 June	**757,368**	**730,182**	**1,745,251**	1,668,741

22.1 The forced sale value of investment property excluding right-of-use asset amounts to Rs. 1,410.59 million (2019: Rs. 1,418.43 million).

Investment properties represent Parent Company's interest in land and buildings situated at Model Town Lahore, Gulberg Lahore, Gujranwala and Gujrat. On initial application of IFRS 16, the Parent Company recognised right-of-use asset arising as a result of head lease of shops / apartments situated at 4th floor of Model Town Lahore and 3rd and 4th floor of M.M Alam. The Parent Company has sub-leased the aforementioned properties and right-of-use asset arising from head lease has been classified as investment property.

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.

22.1.1 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 Parent Company’s investment property portfolio annually. Latest valuation of these assets was carried out on 30 June, 2020. 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. Level 3 fair value of right-of-use assets has been determined using discounted cashflow method, whereby appropriate discount rate has been adjusted to arrive at the fair value.

The following is categorization of assets measured at fair value at 30 June 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Freehold land	**-**	**137,015**	**-**	**137,015**
Buildings	**-**	**-**	**1,522,498**	**1,522,498**
Right-of-use assets	**-**	**-**	**85,738**	**85,738**
	-	**137,015**	**1,608,236**	**1,745,251**

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

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
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 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 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.
Right-of-use asset	Discount rate being used to discount the future cashflows.	The estimated fair value will increase / (decrease) if discounting rates were lower / (higher)

23 Investment in equity-accounted investee

	Note	2020	2019
		--- (Rupees in thousand) ---	
Associate - unquoted (accounted for under equity method)			
Pace Barka Properties Limited			
75,875,000 (2019: 75,875,000) fully paid			
ordinary shares of Rs. 10 each			
Equity held: 24.86% (2019: 24.86%)	*23.1*	**1,062,381**	1,098,948

23.1 Associate - unquoted

	2020	2019
Cost	**758,651**	758,651
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognised directly in consolidated profit and loss account	**340,297**	367,795
	1,098,948	1,126,446
Share of profit for the year		
- before taxation	**(34,706)**	(14,212)
- provision for taxation	**(1,382)**	(13,286)
	(36,088)	(27,498)
Share of other comprehensive loss	**(479)**	-
Balance as on June 30	**1,062,381**	1,098,948

23.1.1 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, appartments, 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.

	2020	2019
	--- (Rupees in thousand) ---	
Non-current assets (adjusted for revaluation surplus)	**3,416,585**	3,439,086
Current assets	**2,581,543**	2,633,717
Non-current liabilities	**253,144**	249,064
Current liabilities	**1,471,530**	1,403,192
Net assets (100%)	**4,273,454**	4,420,547
Company's share of net assets / carrying amount of interest	**1,062,381**	1,098,948

	2020	2019
	--- (Rupees in thousand) ---	
Revenue	**(25,410)**	195,763
Profit from operations	**(145,165)**	(110,613)
Other comprehensive income	**(1,926)**	-
Total comprehensive income (100%)	**(147,091)**	(110,613)
Company's share of total comprehensive income	**(36,567)**	(27,498)

The financial year end of PBPL is 30 June 2020 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.

24 Long term advances and deposits

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

25 Stock-in-trade

	Note	2020	2019
		--- (Rupees in thousand) ---	
Land purchased for resale	*25.1*	**930,765**	930,765
Work in progress			
Pace Tower	*25.2*	**626,269**	600,317
Pace Circle	*25.3*	**699,140**	687,054
Pace Supermall		**354,600**	354,600
Completed units- shops and houses		**542,244**	549,753
		3,153,018	3,122,489
Stores inventory		**1,161**	737
		3,154,179	3,123,226

25.1 This represents plot purchased for resale purposes amounting to Rs. 930.77 million (2019: Rs. 930.77 million).

25.2 Included in work in progress are borrowing costs of Rs. 101 million (2019: 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 2020 as its inventory while remaining amount is shown in commitments note. The payments made during the year amounted to Rs. 14.41 million and has been made part of inventory.

26 Trade debts

	Note	2020	2019
		--- (Rupees in thousand) ---	
Secured			
Considered good		**406,985**	424,753
Unsecured			
Considered doubtful		**269,623**	181,150
		676,608	605,903
Less: Impairment allowance		**(269,623)**	(181,150)
		406,985	424,753

26.1 This includes the following amounts due from related parties:

	2020	2019
Rema & Shehrbano	**1,595**	185
First Capital Investment Limited & First Capital Mutual Fund	**1,847**	504
First Capital Equities Limited	**2,238**	1,596
First Capital Securities Corporation Limited	**6,881**	6,881
Conatural Cosmetics	**494**	181
	13,055	9,347

26.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs.13.04 million (2019: Rs. 10.63 million).

			2020	2019
		Note	--- (Rupees in thousand) ---	
27	**Advances, deposits, prepayments and other receivables**			
	Advances - considered good			
	- to employees	*27.1*	**17,155**	16,124
	- to suppliers	*27.2*	**91,956**	118,460
	Advance against purchase of property	*27.3*	**251,281**	221,567
	Security deposits	*27.4*	**12,285**	12,285
	Receivable against sale of investment property		**99,979**	99,979
	Others - considered good	*27.5*	**20,589**	9,244
			493,245	477,659

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. 2.80 million (2019: Rs. 1.80 million) advance given to executive employee of the Group.

27.2 This includes the following amounts due from related parties:

	2020	2019
	--- (Rupees in thousand) ---	
Ever Green Water Valley (Private) Limited	**74,988**	65,386
World Press (Private) Limited	**447**	447
	75,435	65,833

27.2.1 The maximum aggregate advance given to these related parties against provision of services at the end of any month was Rs. 99.65 million (2019: Rs. 80.30 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. 251.28 million (2019: Rs. 221.57 million).

27.4 This includes security deposit paid to Orix Leasing Pakistan Limited amounting to Rs. 11.50 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. 18.60 million (2019: Rs. 7.80 million). The amount also includes impairment allowance of Rs.19.42 million (2019: Rs. 19.42 million) recognised in the current year.

			2020	2019
		Note	--- (Rupees in thousand) ---	
28	**Income tax refundable**			
	Income tax refundable	*28.1*	**124,459**	112,525
	Provision for taxation - current		**(100,561)**	(97,510)
			23,898	15,015

28.1 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.

29	Cash and bank balances	Note	2020	2019
			--- (Rupees in thousand) ---	
	Cash in hand		**218**	707
	Cash at banks			
	- Current accounts	*29.1*	**22,470**	164,579
	- Saving accounts	*29.2*	**549**	219
	Impairment allowance for expected credit loss		**(89)**	(89)
			22,930	164,709
			23,148	165,416

29.1 This includes Rs. 20 million (2019: 100 million) 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 4% to 8% (2019: 3% to 10%) per annum.

30	Revenue	Note	2020	2019
			--- (Rupees in thousand) ---	
	Development services	*30.1*	**82,336**	339,407
	Display of advertisements		**24,504**	33,494
	Service charges - net	*30.2*	**90,444**	30,562
	Revenue from contract with customers		**197,284**	403,463
	Other revenue			
	Rental income from lease of investment property		**46,840**	53,017
	Total revenue		**244,124**	456,480

30.1 Development services recognised at percentage of completion basis

	2020	2019
Revenue recognised to date	**1,672,556**	1,579,832
Aggregate cost incurred to date	**(1,390,244)**	(1,357,057)
Recognised profit to date	**282,312**	222,775

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. 82.34 million (2019: Rs. 339.41 million). Rs. Nil (2019: Rs. 441 million) was 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:

	2020	2019
	--- (Rupees in thousand) ---	
Insurance	**798**	3,021
Fuel and power	**86,626**	107,938
Janitorial and security charges	**8,371**	13,258
	95,795	124,217

30.3 Disaggregation of revenue by:

	2020	2019
Timing of revenue recognition		
Over time	**197,284**	403,463

30.4 Contract balances

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

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Receivables, which are included in trade debts	*26*	**676,608**	605,903
Contract liabilities	*30.4.1 & 15*	**229,256**	255,564

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

31 Cost of revenue

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Shops and commercial buildings sold			
- at percentage of completion basis	*31.1*	**50,772**	236,564
- at completion of project basis	*31.2*	**-**	-
Write down value to inventory to net realisable value		**9,829**	23,166
Stores operating expenses	*31.3*	**117,073**	86,745
		177,674	346,475

31.1 Shops / apartments and commercial buildings sold at percentage of completion basis

	2020	2019
Opening work in progress	**600,317**	603,998
Purchase of inventory	**58,273**	171,485
Project development costs		76,431
Property disposed / settled against loans		(15,033)
Closing work in progress	**(625,403)**	(600,317)
Cost of shops / apartments and commercial buildings sold during the year	**33,187**	236,564

31.2 Shops / apartments and commercial buildings sold at completion of project basis

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Opening inventory of shops and houses		**1,480,518**	755,991
Purchased during the year		**-**	155,693
Transfer from advances and prepayments		**-**	592,000
Write down of inventory to net realisable value		**(7,509)**	(23,166)
Closing inventory of shops		**(542,244)**	(549,753)
Closing inventory of land		**(930,765)**	(930,765)
		-	-

31.3 Stores operating expenses

	Note	**2020**	2019
Salaries, wages and benefits	*31.3.1*	**43,012**	43,196
Rent, rates and taxes		**30**	8,986
Depreciation on owned assets	*20.4*	**17,229**	13,527
Depreciation on leased assets	*20.4*	**7,326**	-
Repairs and maintenance		**10,162**	10,503
Others		**41,103**	10,533
		118,862	86,745

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

	Note	2020	2019
		--- (Rupees in thousand) ---	
Current service cost		**4,719**	2,520
Interest cost		**2,242**	1,504
		6,961	4,024

32 Administrative and selling expenses

	Note	2020	2019
Salaries, wages and benefits	*32.1*	**60,772**	54,628
Travelling and conveyance		**4,968**	2,641
Rent, rates and taxes		**-**	205
Insurance		**489**	1,958
Printing and stationery		**368**	701
Repairs and maintenance		**4,420**	2,835
Motor vehicles running		**1,530**	4,289
Communications		**3,091**	2,982
Advertising and sales promotion		**353**	247
Depreciation on owned assets	*20.4*	**9,928**	12,527
Amortisation on intangible assets	*21*	**511**	516
Auditors' remuneration	*32.2*	**3,917**	3,275
Legal and professional		**35,597**	4,027
Commission on sales		**17,177**	44,113
Office expenses		**18,676**	14,528
Other expenses		**2,069**	12,604
		163,866	162,076

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

	2020	2019
	--- (Rupees in thousand) ---	
Current service cost	**7,079**	3,781
Interest cost	**3,364**	2,257
	10,443	6,038

32.2 Auditors' remuneration

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

	2020	2019
Statutory audit	**2,275**	2,075
Half yearly review	**770**	700
Audit of consolidated financial statements	**220**	200
Statutory certification	**110**	100
Out of pocket expenses	**542**	200
	3,917	3,275

	Note	2020	2019
		--- (Rupees in thousand) ---	
33 Other income			
Income from financial assets			
Mark-up on bank accounts		**100**	720
Commission on guarantee	*33.1*	**1,238**	1,238
Income from non-financial assets			
Gain on sale of property, plant and equipment		**988**	-
Others			
Gain on settlement of loans		**32,074**	-
Income from parking and storage		**6,018**	6,627
Miscellaneous income		**1,729**	-
Others		**1,190**	932
		43,337	9,517

33.1 This represents commission income on guarantee provided on behalf of Pace Barka Properties Limited (equity-accounted investee).

	2020	2019
	--- (Rupees in thousand) ---	
34 Finance cost		
Interest and mark-up on:		
- *Long term finances - secured*	**1,279**	3,681
- *Foreign currency convertible bonds - unsecured*	**24,873**	25,892
- *Redeemable capital - secured (non-participatory)*	**145,521**	101,839
- *Interest expense on unwinding of Pak Iran Joint Investment Company*	**8,693**	4,036
- *Notional interest on lease liability*	**17,833**	946
	198,199	136,394
Liquidated damages due to default of Pak Iran loan	**5,570**	-
Bank charges and processing fee	**1,690**	1,917
	205,459	138,311

	2020	2019
	--- (Rupees in thousand) ---	

35 Taxation

	2020	2019
Current:		
- For the year	**3,051**	6,433
- Prior years	**-**	-
	3,051	6,433
Deferred tax for the year	**(5,485)**	(14,135)
	(2,434)	(7,702)

The provision for current taxation for the year represents the tax liability under Minimum Tax Regime under Section 113 of Income Tax Ordinance, 2001 (2019: Minimum Tax under section Section 113 of Income Tax Ordinance, 2001.

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

	2020	2019
	%	%
Loss before taxation	**(430,991)**	(950,803)
Average effective tax rate	**(0.56)**	(0.81)
Applicable tax rate	**29.00**	29.00
Tax effect of amounts that are:		
Non deductible expenses	**(3.80)**	(0.31)
Income not chargeable to tax	**(14.94)**	(1.26)
Minimum tax u/s 113 for the year	**0.71**	0.68
Current year losses for which no deferred tax asset is recognised	**(11.53)**	(28.92)
	(29.56)	(29.81)
Average effective tax rate	**(0.56)**	(0.81)

For the purposes of current taxation, the tax losses available for carry forward as at 30 June 2020 are estimated approximately at Rs. 1,042.20 million (2019: Rs. 969.49 million).

36 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 2020 (2019: Nil).

	2020	2019
	--- (Rupees in thousand) ---	
Loss for the year attributable to owners of the Parent Company	**(428,557)**	(942,907)
Weighted average number of ordinary shares outstanding during the year	**278,877**	278,877

		Note	2019	2018
			--- (Rupees in thousand) ---	
37	**Cash (used in) / generated from operations**			
	Loss before tax		**(430,991)**	(950,803)
	Adjustment for:			
	Exchange loss on foreign currency convertible bonds	*12.2*	**64,809**	724,904
	Provision for gratuity and leave encashment	*13.1 & 13.2*	**17,404**	10,062
	Depreciation on owned assets	*20.4*	**27,157**	26,054
	Depreciation on right-of-use assets		**5,537**	-
	Amortisation on intangible assets	*21*	**511**	516
	Changes in fair value of investment property	*22*	**(49,324)**	(5,799)
	Share of (loss)/ profit from equity-accounted investee - net of tax		**36,088**	27,498
	Impairment loss on trade receivables		**88,473**	8,661
	Write down of inventory to net realisable value	*31.2*	**9,829**	23,166
	Finance costs	*34*	**198,199**	136,394
	Mark-up income	*33*	**(100)**	(720)
	Gain on sale of property, plant and equipment		**(988)**	-
	Gain on settlement of loans		**(32,074)**	-
	Loss before working capital changes		**(65,470)**	(67)
	Effect on cash flow due to working capital changes:			
	Increase in stock-in-trade		**(41,084)**	(223,410)
	(Increase) / decrease in trade debts		**(70,705)**	25,424
	(Decrease) / increase in advances, deposits and other receivables		**(19,836)**	120,563
	(Decrease) / increase in contract liability		**(26,308)**	121,787
	Increase in creditors, accrued and other liabilities		**150,651**	154,542
			(7,282)	198,906
			(72,752)	198,839
38	**Cash and cash equivalents**			
	Cash and bank balances	29	**23,148**	165,416

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

	30 June 2020						
	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 2019	**2,788,766**	**273,265**	**77,211**	**935,571**	**18,046**	**2,805,535**	**1,077,823**
Cash flows							
Long term loan paid during the year	-	-	(19,044)	-	-	-	(3,491)
Repayment of lease rentals	-	-	-	-	(7,058)	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	**-**	**-**	**(19,044)**		**(7,058)**	**-**	**(3,491)**
Non-cash changes							
Exchange loss	-	-	-	-	-	64,809	-
Waiver of interest - Askari Bank	-	-	-	-	-		(12,733)
Waiver of interest - Soneri Bank	-	-	-	-		-	(19,341)
Lease liability recognised during the year	-	-	-	-	157,771	-	-
Reclassified to accrued liabilities	-	-	-	-	(11,819)	-	-
Finance cost/unwinding of interest expense	-	-	8,693	-	22,390	24,873	146,800
Total non-cash changes	**-**	**-**	**8,693**	**-**	**168,342**	**89,682**	**114,726**
Closing as at 30 June 2020	**2,788,766**	**273,265**	**66,860**	**935,571**	**179,330**	**2,895,217**	**1,189,058**

	30 June 2019						
	Equity		Liabilities				
	Issued, subscribed and paid-up capital	Share premium	Long term finances - secured	Redeemable capital - secured (non-participatory)	Lease liability	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
Cash flows							
Long term loan paid during the year	-	-	(5,300)	-	-	-	-
Settlements	-	-	-	-	-	-	-
Repayment of lease rentals	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	-	-	(5,300)	-	-	-	-
Non-cash changes							
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

40 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 44. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of Company	Relationship	Nature of transactions	2020	2019
			--- (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	**1,401**	2,084
		Rental income	**2,232**	3,863
		Receipts against Pace Circle	**-**	2,804
		Purchase of inventory	**14,406**	91,000
First Capital Securities Corporation Limited	**Common Directorship**	Receipts against sale of investment property	**-**	400,000
		Service charges	**-**	3,057
First Capital Investment Limited	**Common Directorship**	Rental income	**-**	672
		Shared expenses charged by the Group	**653**	1,025
Ever Green Water Valley (Private) Limited	**Common Directorship**	Purchase of property, plant and equipment	**-**	42,000
		Advance against purchase of land	**33,665**	221,567
		Purchase of goods and services	**148,536**	51,158
		Shared expenses charged by the Group	**653**	1,025
First Capital Equities Limited	**Common Directorship**	Proceed against sales of property other than investment property	**-**	35,845
		Rental income	**643**	643
		Advances received against sale of property other than investment property	**38,000**	-
		Purchases	**90**	280
		Shared expenses charged by the Group	**651**	1,025
Media Times Limited	**Common Directorship**	Rental income	**15,562**	14,148
		Purchase of goods and services	**3,889**	1,398
Rema and Shehrbano	**Common Directorship**	Service charges	**2,396**	2,412
Conatural	**Common Directorship**	Service charges	**1,370**	1,370
Post Employment Benefits Plans		Gratuity and leave encashment	**2,151**	1,275

41 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.

41.1 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:

	Note	**2020**	2019
		--- (Rupees in thousand) ---	
Long term advances and deposits		**15,248**	15,248
Trade debts	*26*	**406,985**	424,753
Advances, deposits, prepayments and other receivables		**150,008**	137,632
Bank balance	*29*	**22,930**	164,709
		595,171	742,342

Trade receivables

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

The ageing of trade debts against properties including related parties at reporting date is as follows:

	2019		2019	
	Gross	**Impairment**	Gross	Impairment
	--- (Rupees in thousand) ---			
- Past due 0 - 365 days	**-**	**-**	-	-
- 1 - 2 years	**8,728**	**-**	33,307	-
- More than 2 years	**398,257**	**-**	391,446	-
	406,985	**-**	424,753	-

Bank balances

The Group held bank balances of Rs. 22.93 million at 30 June 2020 (2019: Rs. 164.71 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. Impairment losses in respect of bank balances amounting to Rs. 0.09 million (2019: Rs. 0.09 million) has been recognised in the statement of profit or loss for the year ended 30 June 2020.

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 Short term	Rating Long term	Rating Agency	2020	2019
				--- (Rupees in thousand) ---	
Bank Islamic Pakistan Limited	**A-1**	**A+**	**PACRA**	**10**	9
Allied Bank Limited	**A1+**	**AAA**	**PACRA**	**326**	42
Soneri Bank Limited	**A1+**	**AA-**	**PACRA**	**9**	7
Silk Bank Limited	**A-2**	**A-**	**JCR-VIS**	**80**	72
Bank Alfalah Limited	**A-1+**	**AA+**	**PACRA**	**208**	744
Al Baraka Bank (Pakistan) Limited	**A-1**	**A+**	**JCR-VIS**	**23**	7
Askari Bank Limited	**A1+**	**AA+**	**JCR-VIS**	**6**	5
Faysal Bank Limited	**A-1+**	**AA**	**PACRA**	**59**	590
United Bank Limited	**A-1+**	**AAA**	**JCR-VIS**	**6**	6
Habib Bank Limited	**A-1+**	**AAA**	**JCR-VIS**	**1**	2
MCB Bank Limited	**A-1+**	**AAA**	**PACRA**	**22,291**	163,932
				23,019	165,416

41.2 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.

	2020				
	Carrying amount	**Contractual cashflows**	**One year or less**	**One to five years**	**More than five years**
	--- (Rupees in thousand) ---				
Long term finances - secured	**66,860**	**66,860**	**66,860**	**-**	**-**
Redeemable capital - secured (non-participatory)	**935,571**	**935,571**	**935,571**	**-**	**-**
Lease liability	**179,330**	**778,617**	**22,762**	**106,437**	**649,418**
Foreign currency convertible bonds - unsecured	**2,895,217**	**2,895,217**	**2,895,217**	**-**	**-**
Creditors, accrued and other liabilities	**882,185**	**882,185**	**882,185**	**-**	**-**
Accrued finance cost	**1,189,058**	**1,189,058**	**1,189,058**	**-**	**-**
	6,148,221	**6,747,508**	**5,991,653**	**106,437**	**649,418**

	2019				
	Carrying amount	Contractual cashflows	One year or less	One to five years	More than five years
	---(Rupees in thousands) ---				
Long term finances - secured	77,211	127,021	27,401	49,810	-
Redeemable capital - secured (non-participatory)	935,571	935,571	935,571	-	-
Lease liability	18,046	18,046	18,046	-	-
Foreign currency convertible bonds - unsecured	2,805,535	2,805,535	2,805,535	-	-
Creditors, accrued and other liabilities	714,530	714,530	714,530	-	-
Accrued finance cost	1,077,823	1,077,823	1,077,823	-	-
	5,628,716	5,678,526	5,578,906	49,810	-

41.3 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.

41.4 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.

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:

	2020	2019
Following is the Group’s exposure to currency risk:	**--- (USD in thousand) ---**	
Foreign Currency Convertible Bonds- USD	**17,203**	17,055

The exchange rate applicable at the reporting date is 168.30 (2019: 164.50)

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. 17.20 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.

41.5 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:

		2020		2019	
		Financial asset	**Financial liability**	Financial asset	Financial liability
Non-derivative financial - instruments	*Note*	**--- (Rupees in thousand) ---**			
Fixed rate instruments					
Long term finances - *secured*	*9.2*	**-**	**-**	-	19,043
Foreign currency convertible bonds	*12*	**-**	**2,895,217**	-	2,805,535
Lease liability	*11*		**179,330**		18,046
Cash at bank		**549**	**-**	219	-
Variable rate instruments					
Redeemable capital - *secured*	*10*	**-**	**935,571**	-	935,571
		549	**4,010,118**	219	3,778,195

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 2019.

Profit or loss 100 bps			
2020		2019	
Increase	**Decrease**	Increase	Decrease
---------------------------------- **Rupees** ----------------------------------			
9,356	**(9,356)**	9,356	(9,356)

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

41.6 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).

41.7 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. The Group monitors capital using a ratio of ‘net debt’ to ‘equity’. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

	2020	2019
	--- (Rupees in thousand) ---	
Total liabilities	**6,468,971**	5,981,229
Less: cash and cash equivalents	**(23,148)**	(165,416)
Net debt	**6,445,823**	5,815,813
Total equity	**1,060,636**	1,480,760
Net debt to equity ratio	**6.10**	4.04

42 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 2020					
		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 2020							
Financial assets not measured at fair value							
Long term advances and deposits		**15,248**	-	**15,248**	-	-	-
Trade debts		**406,985**	-	**406,985**	-	-	-
Advances, deposits, prepayments and other receivables		**150,008**	-	**150,008**	-	-	-
Cash and bank balances		**23,148**	-	**23,148**	-	-	-
	42.2	**595,389**	-	**595,389**	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	**66,860**	**66,860**	-	-	-
Redeemable capital - secured (non-participatory)		-	**935,571**	**935,571**	-	-	-
Lease liability		-	**42,758**	**42,758**	-	-	-
Foreign currency convertible bonds - unsecured		-	**2,895,217**	**2,895,217**	-	-	-
Creditors, accrued and other liabilities		-	**882,185**	**882,185**	-	-	-
Accrued finance cost		-	**1,189,058**	**1,189,058**	-	-	-
	42.2	-	**6,011,649**	**6,011,649**	-	-	-

42.1 Fair value measurement of financial instruments

	Note	Carrying amount: Financial assets at amortised cost	Carrying amount: Financial liabilities at amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3
		30 June 2019					
		(Rupees in thousand)					
Financial instruments							
30 June 2019							
Financial assets not measured at fair value							
Long term advances and deposits		15,248	-	15,248	-	-	-
Trade debts		424,753	-	424,753	-	-	-
Advances, deposits, prepayments and other receivables		137,632	-	137,632	-	-	-
Cash and bank balances		165,416	-	165,416	-	-	-
	42.2	743,049	-	743,049	-	-	-
Financial liabilities not measured at fair value							
Long term finances - secured		-	77,211	77,211	-	-	-
Redeemable capital - secured (non-participatory)		-	935,571	935,571	-	-	-
Lease liability		-	18,046	18,046	-	-	-
Foreign currency convertible bonds - unsecured		-	2,805,535	2,805,535	-	-	-
Current maturity of long term liabilities		-	714,530	714,530	-	-	-
Accrued finance cost		-	1,077,823	1,077,823	-	-	-
	42.2	-	5,628,716	5,628,716	-	-	-

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

43 Segment information

		Real estate sales		Investment properties		Others		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
		(Rupees in thousand)							
43.1	Segment revenue	**82,336**	339,407	**46,840**	53,017	**114,948**	64,056	**244,124**	456,480
	Segment expenses - Cost of revenue	**50,772**	236,564	**33,894**	39,283	**93,008**	70,628	**177,674**	346,475
	Gross profit / (loss)	**31,564**	102,843	**12,946**	13,734	**21,940**	(6,572)	**66,450**	110,005
	Changes in fair value of investment property	**-**	-	**49,324**	5,799	**-**	-	**49,324**	5,799
	Segment results - Operating income	**31,564**	102,843	**62,270**	19,533	**21,940**	(6,572)	**115,774**	115,804
	Administrative and selling expenses							**(163,866)**	(162,076)
	Impairment loss on trade and other receivables							**(88,473)**	(8,661)
	Other income							**43,337**	9,517
	Finance costs							**(205,459)**	(138,311)
	Exchange loss on foreign currency convertible bonds							**(64,809)**	(724,904)
	Other operating expenses							**(31,407)**	(14,674)
	Share of profit from associate - net of tax							**(36,088)**	(27,498)
	Loss before tax							**(430,991)**	(950,803)
	Taxation							**2,434**	7,702
	Loss for the year							**(428,557)**	(943,101)
43.2	**Segment assets**	**3,246,135**	3,387,163	**1,897,048**	1,787,797	**-**	-	**5,143,183**	5,174,960
	Unallocated assets							**2,386,424**	2,287,029
								7,529,607	7,461,989
43.3	**Segment liabilities**	**4,068,404**	4,005,462	**66,565**	54,462	**-**	-	**4,134,969**	4,059,924
	Unallocated liabilities							**2,334,002**	1,921,305
								6,468,971	5,981,229
43.4	**Capital expenditure**	**-**	-	**-**	-	**-**	-	**-**	-
	Unallocated							**25,000**	42,000
								25,000	42,000
43.5	**Depreciation / amortisation**	**-**	-	**-**	-	**-**	-	**-**	-
	Unallocated							**34,994**	26,570
								34,994	26,570

44 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	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in thousand)					
Managerial remuneration	**7,600**	7,600	**2,726**	2,851	**5,982**	4,587
House allowance	**3,040**	3,040	**1,091**	1,140	**2,393**	1,835
Utilities	**760**	760	**272**	285	**598**	459
Staff retirement benefit-						
Gratuity	**950**	950	**341**	356	**667**	652
Leave encashment	**633**	633	**227**	238	**503**	435
	12,983	12,983	**4,657**	4,870	**10,143**	7,968
Number of persons	**1**	1	**6**	6	**4**	3

45 Number of employees

	2020	2019
Total number of employees as at 30 June	**184**	231
Average number of employees during the year	**208**	234

46 Impact of COVID - 19 on financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). As a result of the foregoing, Parent Company waived off rentals to its tenants for two months resulting in loss of income amounting to Rs. 7.81 million and consturction of Pace Tower was delayed. Other than that, management considers there was no major impact that will adversely affect its businesses, results of operations and financial condition in future period.

47 Date of authorization for issue

These consolidated financial statements were authorized for issue on _________ by the Board of Directors of the Group.

48 Corresponding figures

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

Sr. No	**Description**	**From**	**To**	*Note*	**Amount Rs. in thousands**
1	Rental income and	Other income	Other revenue	*30*	16,135
	miscellaneous expenses	Other income	Other operating expenses		14,674

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 2020 at 11:30 a.m. and at any adjournment thereof.

Signed under my/our hands on this __________________day of _____________, 2020

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) 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.

Pace (Pakistan) Limited

پراکسی فارم

فولیونمبر/CDC اکاؤنٹ نمبر: ....

موجود حصص: ....

کمپنی سیکریٹری

پیس (پاکستان) لمیٹڈ

دوسری منزل، پیس شاپنگ مال،

فورٹریس سٹیڈیم، لاہور کینٹ، لاہور

پہلی وضع

دوسرے شخص کو پراکسی مقرر کرنا

میں/ہم..ولد/ذوجہ/بنت..شناختی کارڈ

نمبر..کے حامل پیس (پاکستان) لمیٹڈ کے رکن کی حیثیت سے

....ولد/بنت/ذوجہ..شناختی کارڈ نمبر

....کو اس کی ناکامی کی صورت میں..

ولد/بنت/ذوجہ..شناختی کارڈ نمبر..28 اکتوبر 2020ء 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 1 کے دستخط گواہ 2 کے دستخط

دوسری وضع

کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت برقی ووٹنگ

میں/ہم..ولد/ذوجہ/بنت..، شناختی کارڈ

نمبر..کے حامل پیس (پاکستان) لمیٹڈ کے رکن اور..حصص، درجہ..، فولیونمبر

....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 ایگزیکیوشن 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 1 کے دستخط گواہ 2 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 کرسکتا 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 شاپنگ مال، فورٹریس سٹیڈیم، لاہور کینٹ، لاہور میں پہنچ جانی چاہئیں۔SECP کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء پر عمل درآمد کرتے ہوئے اراکین ثالث بطور پراکسی کی جانب سے ایگزیکیوشن 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 کرسکتے ہیں۔

a) CDC کے واحد بینی فیشیئل 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 فیشئل 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۔